FINANCIAL TIMES

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WORLD NEWS

Shultz gives support to Palestinians

US Secretary of State George Shultz said yesterday that Palestinians had to achieve control over political and economic decisions affecting their lives.

In a statement interpreted as US backing for Israeli withdrawal from part of the occupied territories, Mr Shultz made no reference to Palestinian demands for self-determination, but said that UN Security Council Resolutions 242 and 338 must be the basis for settlement negotiations. **Back Page**

Panama president defiant

Ousted Panamanian leader Eric Arturo Delvalle insisted he was still the country's president as the man named as his successor Manuel Solis Palma took over the presidential palace. **Page 2**

Railway rapist sentenced

Former British Rail carpenter John Duffy, aged 30, was found guilty of murdering two teenage girls and five rapes. The *Old Bailey* judge recommended that he serve at least 30 years in jail.

Heysel fans freed on bail

Four Liverpool soccer fans awaiting trial in Belgium over the Heysel Stadium disaster were released after payment of £2,500 bail each. Sixteen others remain in jail until bail is received.

South Africa raid charge

Angola said hundreds died in South African raids on two southern towns. South Africa's military headquarters dismissed the charge as propaganda.

Natal feud kills three

A feud between black groups in Natal townships claimed three lives. In Cape Town's KTC squatter camp two men were killed in renewed clashes.

South Korean amnesty

South Korea announced a general amnesty for 7,000 prisoners to mark the inauguration of President Roh Tae Woo. **Page 2**

British teacher freed

Kidnapped British teacher Geoffrey Langlands, 70, was freed in north-west Pakistan.

Aquino warns Moslems

Filipino President Corazon Aquino told Moslem rebels in the far south of the country that her army was prepared to resume the anti-secessionist war of the 1970s. **Page 3**

Bangladeshi riots

Police shot at opposition activists tossing home-made bombs at a ruling party rally in southern Bangladesh. The police killed two people and *injured 50.*

Cosmonaut space walk

Soviet cosmonauts Vladimir Titov and Musa Manarov left their orbiting station Mir for four hours to carry out equipment checks.

Poor loser

A *gambler who lost DM2m* (£668,000) at roulette drove his car through a casino in Baden-Baden, West Germany, before a flat tyre obliged him to stop.

Gainsborough saved

A Gainsborough portrait on loan to a Bath museum was saved from being auctioned at Christie's in London with only minutes to spare after an appeal raised £215,000 in five days.

BUSINESS SUMMARY

Lloyds Bank reports £248m loss

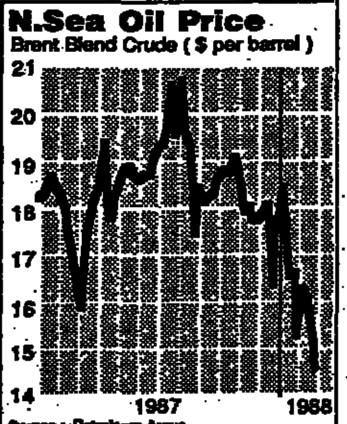
LLOYDS BANK yesterday reported a £248m loss for 1987, making it the second UK clearer to go into the red.

The result stemmed from Lloyds' decision to make £1,066m provisions against doubtful Third World loans in the middle of last year. The total of provisions announced by UK clearing banks in their annual results season during the past 10 days is £3.4bn. **Back Page; Details, Page 8**

PEARSON, the industrial group which publishes the Financial Times, has asked the European Commission to investigate the French Government's decision to delay the company's acquisition of Les Echos financial daily newspaper. **Page 8**

OIL prices continued to weaken, with Brent crudes trading below $15 a barrel for the first time since mid-December. The market is depressed by an abundance of crude oil supplies resulting from the mild European winter and previous high Opec output.

N.Sea Oil Price
Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

NICKEL: trading in the London Metal Exchange's cash contract was suspended after traders needing supplies to meet contracted deliveries bid the cash position to a record $15,000 a tonne, up nearly $4,400. **Page 4**

TOKYO share prices continued upwards for the 12th consecutive day, with the Nikkei index adding 64.52 points at 25,165.18. **Report, Page 11**

US personal saving is still rising strongly, according to preliminary Commerce Department figures. **Page 2**

FRENCH consumer prices rose 0.2 per cent last month, bringing the annual inflation rate down to 2.4 per cent from 3.1 per cent. **Page 2**

SCHNEIDER, French industrial group, increased its offer for 45 per cent of Télémécanique, industrial automation company, from FFr3,900 to FFr5,500 a share. **Page 10**

WEST GERMAN steel unions have won a 36.5-hour week for 140,000 members. **Page 2**

VAUXHALL Motors production workers seemed set to accept a two-year pay deal incorporating significant changes to working practices. **Page 5**

ROTAPRINT, printing equipment maker, called in the receivers after the board failed to attract more finance to reduce borrowings and sustain the business. **Page 8**

***SEDGWICK Group**, London*-based insurance broker, saw pre-tax profits for the year fall 25 per cent to £101m following dollar weakness and price-cutting by US insurers. **Page 8; Lex, Back Page**

FIRST BOSTON, troubled Wall Street investment house, said a management audit had turned up unexpected losses of between $10m and $50m (£28m) in its mortgage-backed securities department. **Page 10**

Berrill to be replaced as SIB chairman by senior Bank official

BY DAVID LASCELLES

SIR KENNETH BERRILL, the chairman of the Securities and Investments Board, who has been under increasing attack for his handling of City regulation, is not to be re-appointed.

Lord Young, the Trade and Industry Secretary, and Mr Robin Leigh-Pemberton, the Governor of the Bank of England, announced jointly yesterday that he would be replaced by Mr David Walker, an *executive director of the* Bank, when his term expires at the end of May.

Mr Walker, 48, has been in charge of industrial and financial matters at the Bank and was closely involved in stage managing the restructuring of the City during Big Bang. He will "go into purdah" until he takes up his new post on June 1.

Sir Kenneth, a former public servant and stockbroker, became the first chairman of the SIB in 1985, when it was created to set up and oversee the new regulatory structure for the City. He played a key role in establishing the complex pattern of self-regulatory organisations through which the City is now controlled with the statutory backing of the Financial Services Act.

However, Sir Kenneth ran into mounting criticism for the zeal with which he developed detailed regulations and rule books for all sectors of the investment business. This was seen as adding enormously to *costs faced by financial institu*tions in complying with the new system. In recent weeks there has been a strong whispering campaign against him and pressure for his removal became intense.

Sir Kenneth added to his unpopularity in the City with his dismissive attitude towards *the complaints of practitioners* about the regulatory burden he was placing *on them and his* apparent refusal to compromise his firm belief that the City's rule book should be thorough.

It emerged yesterday that Lord Young and the Governor decided to replace Sir Kenneth as long ago as last October. The announcement was delayed by their inability to find a suitable successor. Short lists were drawn up, but several people *declined the job when they* were approached.

Mr Walker was close to the top of many lists but was also unenthusiastic. He was eventually persuaded to take the job after it had been agreed that he should remain a director of the Bank, to which he may return when he has completed his four-year term.

The decision to remove Sir Kenneth was greeted with barely disguised delight in many quarters of the City yesterday, though few people wished their views to be recorded publicly. Mr Stanislas Yassukovich, the chairman of The Securities Association, one *of the leading SROs, said the* appointment of Mr Walker would be "enthusiastically welcomed in the financial community." He described him as "a sympathetic counter-party who will bring confidence to the industry."

However, some reactions were more cautious. It was *noted that Mr Walker was not a* practitioner of the investment *business but a civil servant* closely associated with financial regulation. He was also described as a man of pronounced views on the role of the City who was likely to take a commanding approach to his new job.

Both Lord Young and the Governor paid tribute to Sir Kenneth's "formidable contribution" in establishing the new *supervisory system and said* they believed that his achievement had provided "an excellent foundation for the regulation of the financial services industry." Sir Kenneth himself was not available for comment.

The SIB itself also declined to comment. However, the announcement is believed to have caused some dismay among staff who had developed *a strong loyalty towards Sir* Kenneth and believed he had been unfairly treated.

Lower profile urged for SIB, Page 4; Old Lady's man takes charge, Page 7; Lex, Back Page

Gorbachev calls on Armenians to keep calm

BY CHRISTOPHER BOBINSKI AND BRUCE CLARK

MR MIKHAIL GORBACHEV yesterday appealed for calm among Armenians, who have been staging vast but peaceful demonstrations in support of demands for the boundaries of their republic to be revised.

The Soviet leader also reiterated a pledge that the question of non-Russian nationalities would be discussed by the central committee of the Communist Party.

Meanwhile, leaders of the Armenian Communist Party have decided to ask the Kremlin to study demonstrators' demands for the return to Armenia of the Naborno-Karabakh area in neighbouring Azerbaijan.

Yesterday marked the first occasion on which the Soviet leader has directly and publicly intervened in the crisis, which surfaced almost two weeks ago.

There were conflicting reports on how the demonstrators in Yerevan, the Armenian capital, reacted to Mr Gorbachev's speech and to the local Communist Party's decision.

Associated Press quoted witnesses as saying that some people were returning to work. Factories, schools and colleges in Yerevan have been on strike or shut for several days.

Mr Gorbachev's speech, con*taining the first hints that the* Kremlin was preparing to address nationalist demands, was broadcast over loudspeakers to huge crowds in the city centre. The local party first secretary, Mr Karen Demarchayan, then spoke to the crowds and told them of the decision to appeal to Moscow.

Mr Hugh Davies, a British businessman who arrived in Yerevan on Thursday, confirmed that demonstrations were taking place. "There are six to eight loudspeakers on lorries outside the opera in the main square and people have been making speeches to the crowds all day," he said.

"Groups of between 50 and 1,000 people are marching through the streets carrying Armenian flags and portraits of national heroes and chanting slogans. In the square the crowd is listening in silence to the speeches and hushing people who even whisper loudly. And if there is a speech they don't like, they boo and catcall."

In his speech, also broadcast yesterday in Azerbaijan, Mr Gorbachev warned that the events "could lead to serious consequences" but added: "We do not wish to evade a sincere discussion of various ideas and proposals, and this must be done calmly within the framework of the democratic process and legality."

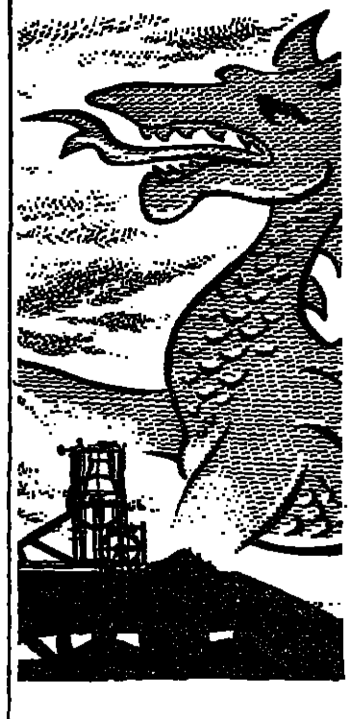
In Paris, Mr Garo Ulubeyran, an editor of the Armenian newspaper Gank, said there had been reports of violence in Stepanakert, the main town of the disputed area.

A mass hunger strike had started there on Thursday after the burning down of an Armenian nursery school.

There had also been marches in the Armenian cities of Kiro*kavan and Leninakan and a* small demonstration in Tbilisi, the capital of neighbouring Georgia, which has an Armenian minority.

Mr Ulubeyran agreed with reports from Armenian dissident sources that troops had been sent from Georgia and Azerbaijan to Yerevan on Wednesday night or Thursday morning. However, they had maintained a low profile, were guarding public buildings, and were not intervening in demonstrations.

WEEKEND FT



THE DRAGON STIRS

A wind of change is sweeping Wales as new technology and rising prosperity replace the traditional industries. Anthony Moreton reports on the transformation
Page I

FINANCE

A new series on making the most of the FT share information pages
Page VI

PROPERTY

Buying a home in a National Park
Page XI

HOW TO SPEND IT

. . . through mail-order catalogues from Marks and Spencer and Habitat
Page XVII

GARDENING

Gardens open to the public
Page XV

BOOKS

Two pages of business books, plus a biography of Philip Toynbee
Pages XVII–XIX, XX

Investment firms rush to beat SRO deadlines

BY RICHARD WATERS

FEARS THAT thousands of investment firms would miss yesterday's midnight deadline for applying to be authorised under the Financial Services Act, and so be forced to close down in April, appeared to be receding last night.

By early evening it was beginning to look as though most of the applications expected by self-regulatory organisations around the City had arrived.

However, the regulators admitted that they did not know how many firms had failed to apply. The precise number of firms involved in each area of investment business is not known. Also, some firms had the choice of which SRO to join, confusing the picture further.

A constant stream of people yesterday fought the icy wind blowing down Great Tower Street to reach the offices of the Financial Intermediaries, Managers and Brokers Regulatory Association. They did not qualify as a stampede, however, let alone a deluge; the strongman on the door was not needed.

Fimbra, which authorises brokers and small firms of investment advisers and managers, said that it did not know how many applications had been received yesterday, but that the number probably topped Thursday's 800. At one stage applications were running at more than 100 an hour.

This implies nearly 12,000 applications in all, and compares with the 10,000 members that Fimbra's market research had told it to expect. However, it warned that many applications may be invalid or may duplicate applications made to other bodies.

The Securities Association had received 958 applications by early evening, at the top end of the 700-1,000 range it had expected. A quarter of these applications were received in the past two days.

The Investment Management Regulatory Organisation said 960 applications had been received by yesterday morning, and that this was expected to rise to about 1,100 by midnight. More than half of these arrived during last week.

The Association of Future Brokers and Dealers was alone yesterday evening in expecting a significant number of extra applications before midnight. It had received 327 applications and said a further 74 were expected from firms who had signed to say that they would be applying.

Final figures will not be known until next week. Any applications bearing today's postmark will be accepted by the SROs.

Applications were reported to be in generally good order. However, Fimbra said that it had been unable to check applications during the day and so could not tell how many would be rejected. Earlier in the week it was throwing out as many as one in five.

In spite of a constant stream of warnings in recent weeks about the need to apply, some firms were still asking for application forms yesterday. Fimbra sent out 40 during the day.

At the offices of Imro, meanwhile, an Australian walked off the street and asked for three application forms and a room where he could fill them in. His response to being told that applications needed board approval and full details about all directors was not recorded.

Sotheby's sees golden opportunity in glasnost

BY ANTONY THORNCROFT

YOU,TOO, can own a painting by Iliay Kabakov and Vadim Zakharov. Glasnost, to say nothing of perestroika, has hit the international art market.

On July 7, Sotheby's is holding an auction of contemporary Russian art, with a few avante garde works of the post-revolutionary period, in Moscow.

The sale has been negotiated by Lord Gowrie, chairman of Sotheby's European operations. He was allowed a free choice of the work of Soviet artists (both members and non-members of the official Artist's Union) and has selected 100 paintings, which are expected to sell for between £2,000 and £20,000 each.

The auction, at the Centre for International Trade, will be conducted in English and in sterling by Mr Simon de Pury, Sotheby's managing director in Europe. The artists will be able to keep their hard currency earnings.

Most of the bidders are expected to be west Europeans who collect Russian art. Sotheby's is organising a trip to the Soviet Union before the auction to whet their appetites.

Contemporary Soviet art is sold in the West at auction and
Continued on Back Page

US bid by M and S advances

BY JAMES BUCHAN IN NEW YORK

MARKS AND SPENCER, the UK retailer, was yesterday all but assured of success in its $770m (£436.3m) bid for Brooks Brothers, the US menswear chain, after an obstacle to the sale fell away.

The sale depends on Campeau, the Canadian property and retailing group which owns Brooks Brothers, succeeding in its assault on Cincinnati-based Federated Department Stores.

Federated yesterday agreed to be taken over for an increased offer of $6.02bn or $68 a share.

An investment banker involved in the talks in New York said: "We're very close to doing a deal. That's good for Marks and Spencer."

Federated's stock, target of intense speculation, rose $1⅛ in early trading, to $64¼.

Campeau, owner of Brooks Brothers for a little more than a year, reluctantly offered the profitable chain to M and S this week, to help finance its ambitious offer for Federated, North America's largest department store group.

Federated operates 18 store groups, including Bloomingdale's of New York. It resisted Campeau's first approaches four weeks ago at $47 a share.

However, yesterday Federated said its directors had authorised talks to sell the business to Campeau at $68 a share. A deal would be presented to Federated's board on Monday, the company said.

The British group, the retailer with the largest profits in the UK, has sought to expand into the US.

Brooks Brothers is thought to have revenues of $260m to $280m, from 47 stores in the US and 12 in a joint venture in Japan.

M and S this week said it aimed to strengthen sourcing of garments by the New York group and to improve operating efficiencies while maintaining Brooks Brothers's quality reputation.

It believes the new association with Campeau might offer other advantages such as access to prime property sites for growth by M and S in North America.

Marks and Spencer shares closed 4½p lower in London at *176p, for a two-day retreat of* 9p.

An investment banker in New York said: "It's a big price they're paying but it will be worth it, I predict."

A foreign search for growth, Page 6

MARKETS

DOLLAR

New York lunchtime:
DM 1.687
FFr 5.711
SFr 1.3875
Y128.175
London:
DM 1.687 (1.6965)
FFr 5.7125 (5.7375)
SFr 1.387 (1.396)
Y128.15 (128.75)
Dollar index 94.5 (94.8)
Tokyo close Y128.35

US LUNCHTIME RATES

Fed Funds 6⁹⁄₁₆%
3-month Treasury Bills:
yield: 5.75%
Long Bond: 105¹¹⁄₁₆
yield: 8.38%

GOLD

New York: Comex April
$431.1 ($434.7)
London: $432.25 ($430.75)

STERLING

New York lunchtime $1.773 (1.767)
London: $1.7735 (1.7645)
DM 2.9925 (same)
FFr 10.1325 (10.125)
SFr 2.46 (2.4625)
Y227.25 (same)
Sterling index 74.7 (74.6)

LONDON MONEY

3-month interbank:
closing rate 9⅝% (9¼)

NORTH SEA OIL

Brent 15-day March (Argus)
$14.725 ($14.925)

STOCK INDICES

FT Ord 1,423.7 (−10.2)
FT-A All Share 907.47 (−0.8%)
FT-SE 100 1,766.5 (−15.9)
FT-A long gilt yield index:
High coupon: 9.22 (9.23)
New York lunchtime:
DJ Ind Av 2,018.07 (+0.5)
Tokyo:
Nikkei 25,165.18 (+64.52)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $1.125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philipines Pes20; Portugal Esc100; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht30; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

CONTENTS

W German steelmen win cut in hours

By David Goodhart in Bonn

WEST German steel unions have won a 36.5-hour week for 140,000 of their members. This is the shortest working week won by any large group of German workers and is bound to increase pressure on other employers to concede cuts.

The three-year agreement in the steel industry cuts the working week from 38 hours to 36.5 hours from November. It also provides a 2 per cent pay rise in March and another 2 per cent in August 1989.

The steel employers will not be popular with the Government, which is facing pressure from unions representing nearly 2m public service workers to cut their hours from the current 40.

However, the steel companies have faced special difficulties arising from the disputes over steel plant closures in the Ruhr. Although a DM1bn package has been agreed with the national and state governments to fund new jobs in the Ruhr, details of closures have yet to be negotiated with the unions.

The steel employers say the hours cut was difficult to resist following the metal workers agreement last year cutting hours from 38.5 to 37 by April 1989.

Genscher seeks EC currency, central bank

BY ANDREW FISHER IN FRANKFURT

FIRM PROPOSALS for progress towards a European central bank and a common EC currency were advanced yesterday by Mr Hans-Dietrich Genscher, West German Foreign Minister.

He made clear that Bonn would use its current presidency of the EC to give the ideas high priority. His enthusiasm appeared to surpass that of the French, who proposed a European central bank last month then back-pedalled in the face of initial German coolness. Stressing that such a bank would have to be independent, along the lines of the Bundesbank, with price stability as a key element, the minister called for the formation of an expert council to study how it could be formed.

Mr Genscher made his proposals in a paper to be discussed today at a meeting in Stuttgart of the Free Democrats (FDP), his party in the West German ruling coalition. It sets out the arguments in favour of a European central bank and a joint currency, as well as the principles on which these should be based.

The central bank and currency area would be "an economically necessary complement" to the genuine common market in goods and services that is planned for 1992. Also, the currency turbulence of recent months and the internationalisation of financial markets had underlined the need for further progress in developing the European Monetary System (EMS).

Mr Genscher proposed that a panel of five to seven experts be set up at the European summit in Hanover at the end of June, just before the German presidency is to end. Its members should have "expert and political authority, and be independent". They should be asked to draw up, within a year, the principle under which a European currency area should be developed, draft a statute for the establishment of a European central bank and work out what should be done during the transition.

The Bundesbank said it noted Mr Genscher's proposals with great interest and would study them. Mr Karl Otto Poehl, president of the Bundesbank, has said he favoured the notion of a European central bank but stressed that its creation would be a long process.

By emphasising that such an institution should be independent and not obliged to finance national or community budget deficits, Mr Genscher sought to calm Bundesbank fears.

Robert Graham assesses a thwarted effort to oust Panama's military strongman

The general outpunches his president

THE IGNOMINIOUS sacking of President Eric Arturo Delvalle of Panama has intensified the growing confrontation between Gen Manuel Antonio Noriega, Panama's military strongman, and the US.

Washington has made little secret that it sponsored the president's initiative on Thursday to remove the general from his position as head of the *12,000-strong Defence Force.* Mr Delvalle spent much of the evening, after his fateful broadcast to announce the ouster of the general, in the company of Mr Arthur Davis, US ambassador to Panama.

That the initiative failed and provided Gen Noriega with the opportunity to engineer the dismissal of the president, underlines the 53-year-old officer's command of the situation and his determination to stay in power. Mr Delvalle's departure also eliminates all possibility of a plan, endorsed by Washington, whereby the general would step down as head of the forces and allow the country to be run, till an election in May 1989, by a provisional government under the president.

Mr Delvalle was removed from office after an emergency session on Thursday of the National Assembly declared he had acted unconstitutionally. Gen Noriega's sympathisers occupy 45 of the 67 seats in the assembly. The opposition refused to attend but 38 members voted to oust the president and name Mr Manuel Solis Palma, the Education Minister, in his place.

The puzzling element in Mr Delvalle's move to shift Gen Noriega is that both the president and the US were well aware of the general's determination to keep power, and of his support within the military. They were also aware of his control of the assembly.

Besides, Mr Delvalle yesterday revealed that the proposed successor to Gen Noriega, Col Marcos Justines, was only informed 10 minutes before the annoucement. The colonel refused the appointment.

Informed interpretation yesterday was either that the operation to unseat the general had been badly miscalculated or Mr Delvalle had found his position untenable as an appointee of Gen Noriega.

The president was in open *disagreement with the officer's* refusal to stand down so as to restore peace in the streets and refurbish the country's image, tarnished by the the publicity surrounding allegations of the general's association with international drug trafficking and an indictment of him by a US court on drug charges. Mr Delvalle thus acted in the knowledge he would be sacked but, in so doing, may have hoped to highlight the full nature of Gen Noriega's dictatorial power.

Manuel Solis Palma: Noriega's preferred civilian

However, the general's power has been obvious since the 1984 elections, which he rigged to cheat the main opposition candidate, Mr Arnulfo Arias, in favour of his own choice (and that of Washington) Mr Nicolas Ardito Barletta. He then forced Mr Barletta to resign after only 11 months in office because the former World Bank official was proving too independent and trying to clean up corruption which was led by the military. Mr Delvalle has never been more than a legalistic fig-leaf for Gen Noriega's power.

The announcement of dismissal of the general would have been an ideal opportunity for any split in the armed forces to become public. But the military, at least the senior ranks, seem wedded to Gen Noriega on the basis of "united we stand, divided we fall". They are clearly concerned to retain their immense privileges. Evidence before a US Congressional committee last week alleged that Gen Noriega had been earning $2m a month in money-laundering fees.

Even so, Gen Noriega and the rest of the military have become too exposed to wish to hold power indefinitely. The most graceful exit (from his point of view) would be at the elections in May next year. Such an aim risks further political polarisation and profound damage to the Panamanian economy, which has suffered seriously from 10 months of political disorder. Treasury reserves are believed to be les than $70m.

In the meantime, nothing suggests the Reagan Administration will desist from its campaign to discredit Gen Noriega and force his departure. The campaign has its dangers because the general has been privy to a great deal of the region's back-stage manoeuvres. He could use his knowledge in ways embarrassing to Washington.

The campaign also means that the issue of the presence of 10,000 US troops in the Panama Canal Zone, who remain there under the US-Panama treaty of 1979, could come closer to the fore. Gen Noriega is now relying on rallying anti-US popular support. The whole affair could touch the future of the canal itself, due to be handed over to full Panamanian control by 1999.

At another level, the poisoned atmosphere of US-Panamanian relations makes it harder to establish a dialogue and prepare for the post-Noriega period. The more Gen Noriega is besmirched, the harder it will be to let him remain in Panama after he has stood down or to find him an exile elsewhere. He has property in France and is a member of the *Légion d'Honneur*, but the prospect of a haven for him there is complicated by the US warrant for his arrest on the drugs charges.

Red Army presence needles E Germans

By Leslie Colitt in Waren, East Germany

EAST Germans in the town of Waren, 80 miles north of Berlin, are stubbornly hoping that all foreign troops will one day be withdrawn from East and West Germany.

Only two of nearly 50 East Germans I interviewed at random said they knew that Soviet SS-12 missiles were deployed just outside Waren before their imminent withdrawal was announced by East Germany earlier this month. The first missiles were withdrawn from Waren and three other East German sites on Thursday.

"I don't need to tell you how shocked we were at first, and then relieved," one woman said.

One of the East Germans I interviewed in Friedenstrasse, a woman of about 40, said it would be a "good thing" if all foreign troops left the two Germanies.

"It's 43 years after the war, and East and West are disarming," she said. These were the reasons why 400,000 Soviet soldiers and nearly as many western troops were no longer needed in East and West Germany.

On approaching two middle-aged couples, I was told they would not talk. The street, one of them claimed, was filled with "eavesdroppers".

"They might even be in there," one of the men said, nodding at a nearby litter bin. He relented, however, to reply that all the Russians should leave East Germany, as it was a "sovereign country".

"They've been here long enough," he said. "Everyone in this country agrees on that."

The Red Army soldiers, he added, did not personally "bother" East Germans and were less in evidence than GIs in West Germany.

"But we simply don't need them," he remarked.

This strong desire to see foreign troops leave German soil is shared by a much smaller but growing number of West Germans. Most of the East Germans who said they were in favour of Soviet troops withdrawing also replied that western troops would have to be removed from West Germany as well.

A woman of about 50 visiting Waren from Rostock, with her husband, said the Soviet troops were, on the whole, "well behaved" but that they should leave, along with the "Amis" (Americans) in the West. Then it would be only "natural", she said, if both German states came closer together.

"But I'm afraid our government won't allow that," she said softly.

A woman teacher with a companion, who repeatedly called the West German Government "*imperialist*", *replied after a* long pause that the two Germanies might "come together again" but only under "one social and economic system".

An East German soldier said that after all foreign troops left, it would be "desirable" for East and West Germany to have "closer relations".

Most said, however, that either capitalism or socialism had to prevail in East and West Germany before they could begin to unite. Significantly, many more East Germans than West Germans wanted reunification.

Portugal's trade deficit with EC grows by 67%

BY DIANA SMITH IN LISBON

PORTUGAL'S second year in the European Community brought more deterioration in its trade balance, due largely to soaring deficits with West Germany, Spain and Italy, its three main suppliers.

Figures for 1987 released by the Institute of Statistics show that the trade gap grew 66.9 per cent to Es600bn ($4.3bn).

Imports grew 28.5 per cent to Es1,890bn and exports 20 per cent to Es1,290bn – a record but not enough to give more than 68.2 per cent coverage of imports by exports.

The trade gap was offset by higher revenue from tourism and emigrants' remittances and growth in foreign portfolio and productive investment. Portfo*lio investment grew* 152 per cent while productive investment brought in $700m during the brief stock market boom.

The Prime Minister, Mr Anibal Cavaco Silva, recently estimated the balance of payments on the current account at a surplus of $700m.

The EC in 1987 accounted for 71 per cent of Portuguese exports and 63.4 per cent of imports. West Germany, Spain and Italy accounted for half the total trade deficit.

Meanwhile, the Portuguese Cabinet has approved a controversial labour law reform package that makes it easier for individuals to be sacked while, in the government's view, providing adequate guarantees against abuse.

- Mr Cavaco Silva has requested consultations with the US about compliance with the 1983 agreement covering American use of a Portuguese Air Force base in the Azores.

Mr Cavaco Silva met President Ronald Reagan, Mr George Shultz, the US Secretary of State, and Mr Frank Carlucci, the Defence Secretary, during a two-day visit to Washington recently.

Last month the Portuguese *Government hinted it* was considering exercising its right to review the agreement but Mr Cavaco Silva returned from Washington with no concessions by the US.

He said Portugal did not intend to reduce facilities conceded to the US but expected greater administration efforts to secure aid in return. Cuts have shrunk US economic and military aid to Portugal from more than $200m in 1984 to a proposed $117m in 1988.

Balkan ministers learn the language of harmony

BY ALEKSANDAR LEBL IN BELGRADE

THE SIX states of the Balkan peninsula demonstrated their new-found ability to get along, or at least to avoid excessive *quarrels in public, by issuing* a joint communique yesterday that skirted their differences.

The open-ended, agenda-less meeting of Balkan foreign ministers, which began in the Yugoslavian capital Belgrade on Wednesday, heard high-minded calls for greater intra-Balkan co-operation between Greece, *Bulgaria, Turkey, Romania,* Yugoslavia and even Albania, which rarely attends international meetings.

Mr Mesut Yilmaz, Turkish Foreign Minister, whose meetings with his Greek and Bulgarian counterparts marked a clear improvement in two difficult bilateral relationships, called *the conference* "a promising landmark in Balkan history".

Turkey favours inter-Balkan co-operation as long as the Greeks and Bulgarians do not talk too much about nuclear-free zones. This problem was dealt with by stating in the *communique, "in view of differ*ent approaches to transforming the Balkans into a zone free of nuclear and chemical weapons, it was understood that further consideration is required."

On minority nationalities, perhaps the most acrimonious question of all, the communique says the "view was expressed, *that minorities should* be a factor of cohesion, stability, friendly relations and co-operation".

If the Albanian speakers of Yugoslavia, the Turkophones of Greece and Bulgaria, and the Greek Orthodox of Istanbul did become a "factor of cohesion", that would be a landmark in *Balkan history. However,* the ministers agreed to keep talking and that was the important thing.

Warning on Soviet troop-cut offer

BY DAVID BUCHAN IN BRUSSELS

NATO should pursue the issue of conventional forces cuts with the Warsaw pact to switch public attention from the Soviet goal of "denuclearising" Europe to "the dominating military presence of Soviet troops dividing Europe", the US Ambassador to Nato said yesterday.

But Mr Alton Keel warned that Nato should refuse any Soviet offer to withdraw one, or even two or three, soldiers for every Nato solider pulled back from the central European front.

"Even modest asymetrical reductions of two, or three to one would strengthen the Soviet offensive advantage," he told the Centre for European Policy Studies institute.

The 16 Nato countries are negotiating with the seven Warsaw Pact members in Vienna on the scope of the so-called conventional stability talks.

Mr Keel said: "We have not taken the Soviet bait to expand these talks to include nuclear systems." But he admitted there was no agreement yet inside Nato on how disproportionate a troop cut it should demand of the Warsaw Pact, whose ground forces are more numerous.

Computer-aided studies have shown that any troop cut with a ratio of less than six to one in Nato's favour would leave the western alliance worse off, US officials claim. However, they concede that refusing a Soviet offer to withdraw two, three or even four times as many men as Nato would be hard to sell to western public opinion.

Next week's Nato summit is expected to stress that, after the Intermediate Nuclear Forces (INF) treaty, arms control efforts in Europe should switch to the imbalance of conventional forces, as distinct from further nuclear weapons reductions there.

Mr Frank Carlucci, the US Defence Secretary, yesterday stressed that West Germany, like other Nato allies, had agreed several years ago to modernise short-range nuclear weapons. Speaking in a Worldnet broadcast to Europe, he also emphasised that West Germany had no reason to feel especially exposed to the threat of Soviet nuclear retaliation.

The US had F-111 bombers in Britain, and other nuclear-capable aircraft in the Benelux countries. Therefore West Germany was not the only target, he said. "We're all in this together."

Strong increase in US personal saving

BY ANTHONY HARRIS IN WASHINGTON

US personal saving is still rising strongly, according to the preliminary figures for personal income and expenditure in January published by the Department of Commerce yesterday.

The figures suggest that consumers spent only half the 0.6 per cent rise in disposable incomes in the month. Restrained consumer spending would help to speed the US trade adjustment.

The figure is only tentative at this stage, since small errors in estimating consumer spending would have a large influence on the saving estimate, but the figure is consistent with recent trends.

If confirmed, it would have strong implications for consumer spending in 1988, which could lag as much as a full percentage point behind the growth of incomes, reducing domestic demand by as much as $300bn.

The rise in national saving, the counterpart of the current account of the balance of payments, would certainly be smaller than this.

The weakness in spending is already squeezing retail profit margins, as prices are heavily discounted in an effort to clear excessive inventories. Since the October 19 crash, retail stocks have underperformed the Wall Street equity market by 20 per cent. So far as discounts help consumers to maintain their real purchases for smaller outlays, the potential effect on the trade balance is offset.

This pressure is also reflected in the January figures for consumer price inflation. While the underlying trend is little changed at about 3.5 per cent, reduced for the time being to 3.2 per cent by weak petrol prices, the detailed figures show falling prices across a wide range of clothing and non-durables, and also a small fall in car prices.

French inflation at 2.4%

By Paul Betts in Paris

CONSUMER prices in France rose by 0.2 per cent in January compared with the previous month, bringing the annual rate of inflation down to 2.4 per cent from 3.1 per cent at the end of last year.

The French finance ministry noted yesterday that for the ninth consecutive month the consumer price index had risen by 0.2 per cent or less.

Moreover, the inflation differential between France and West Germany had declined to 1.7 per cent from 2.2 per cent at the end of last year.

At the same time, the French labour ministry reported a 0.2 per cent increase in the number of people looking for jobs in France. However, the ministry said the overall unemployment rate had remained at the December level of 10.4 per cent.

Amnesty for S Korea prisoners

BY MAGGIE FORD IN SEOUL

President Roh Tae Woo, the new leader of South Korea, yesterday announced an amnesty for 7,000 prisoners, including 1,600 jailed for political motives, as US officials revealed a second violent act against its facilities in the last two days.

Mr Roh's largesse coincided with signs that the country's *two main opposition politicians* might unite before parliamentary elections in April.

Mr Kim Dae Jung and his Party for Peace and Democracy are to hold today, the first public rally since last December's presidential election. They will be supporting opposition unity.

He and Mr Kim Young Sam, the other opposition leader, were criticised for dividing the anti-Roh vote in the election.

On Wednesday, six students in the reading room of the US cultural centre in Seoul set off *two apparently harmless* bombs, broke windows and shouted slogans before they were overpowered by police.

In Kwangju, the anti-Government south-western city, US officials revealed yesterday that a bomb had been defused by an army team, after information was obtained from the six students in Seoul.

The students had demanded that Washington stop interfering in South Korean affairs.

- Mr James Baker, US Treasury Secretary, yesterday urged Mr Sakong Il, South Korean Finance Minister, to accelerate the depreciation of the won currency to reduce the US trade deficit.

Bids close in Mexico's debt auction

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

BIDS closed last night in Mexico's innovative offer to issue bonds in exchange for loans tendered by its creditor banks worldwide.

Morgan Guaranty Trust, the New York bank which has arranged the auction on Mexico's behalf, was tallying the tenders. Mexican officials will announce the results next week.

Each bank was allowed to make up to five tenders of existing loans, putting values on them below the face amount. Those assigning the lowest value to their loans will receive bonds. Mexico, which will make savings in its debt service payments depending on the amount of debt retired, must decide the lowest discount

Though Mexico is offering up to $10bn in new bonds, collateralised by its holdings of US government securities, bankers doubt sufficient loans will be tendered for Mexico to issue anything like this amount. However, enough bids are likely to have been tendered at levels sufficiently attractive for some bonds to be issued.

Whichever way the auction goes, it is likely to have important implications for the future handling of the Third World debt crisis.

Homeland shows its pride

Haig Simonian describes Soviet Armenia, where nationalists are demonstrating

ONE OF my fellow travellers knelt and kissed the ground on crossing the border between Georgia and Armenia. The gesture may have been extravagant but it summed up the pride that wells up in most western Armenians' chests when visiting their "homeland".

A rocky outpost on the Soviet Union's southern border with Turkey, the area has been for centuries under the suzerainty of larger neighbours – once the Ottoman, now the *Russian – apart from two* years of independence after the First World War.

The fact that Soviet Armenia tends to kindle such strong feelings among most of the 2m to 3m Armenians in their diaspora – be they millionaire financiers in Florida, small shopkeepers in Marseilles or Marxist guerrillas anywhere – says much about the powerful ties of race, language, culture and religion that link Armenians round the world.

Western Armenians have followed closely the huge demonstrations of recent days. Their Soviet cousins are demanding the return to the Armenian Soviet Republic of Nagorno-Karabakh, a mountainous and dry region ceded to neighbouring Soviet Azerbaijan in 1921.

The grievance over Nagorno-Karabkah has long been a topic of conversation in the Armenian capital Yerevan but its precise nature is hard to define.

It is not specifically religious, although the overwhelming majority of the disputed area's 160,000 inhabitants is made up of Christian Armenians, surrounded by Islamic Azerbaijanis, nor is it entirely based on historical tensions, although the peoples of the Caucasus Mountains – Georgians, Armenians and Azerbaijanis – have seldom been the best of friends.

What the demonstrations around Yerevan's pink-stone Opera House and the public buildings of Lenin Square probably express is a *sense of* national identity, suppressed for decades, as well as the desire simply to sound off.

It is not as though Soviet Armenians are poor. Compared with their fellow citizens in other parts of the Soviet Union, the republic is remarkably prosperous. Many eastern Europeans would be envious.

People are noticeably better dressed, often sporting western clothes, perhaps sent as gifts from relatives in the US or France. There are plenty of cars in the streets.

Nowhere did I see the queues that were so hard to miss outside the charmless food stores of Moscow and Leningrad

Health-conscious candidates bid for the retirees' vote

Lionel Barber in Deerfield Beach, Florida watches the frontrunners for the Democratic nomination

THE bumper stickers said "God is on board" and "I love Pope John Paul", but most of the elderly car passengers had more earthly matters on their mind.

They had come in their six-cylinder limousines to this retirement resort, just south of West Palm Beach on the Atlantic coast, to listen to a debate between the two leading Democratic presidential candidates, Congressman Richard Gephardt of Missouri and Governor Michael Dukakis of Massachusetts.

In Britain and elsewhere in Europe they are known as pensioners, but in the US they enjoy, *at least nominally*, a more elevated status as "retired persons" or "senior citizens".

As Mr Dukakis and Mr Gephardt acknowledged by their presence here last Thursday afternoon, they wield a formidable voting power at this stage of the presidential campaign.

All the candidates know that almost one out of every three eligible voters in Florida, the second most populous southern state, is over 60 years old. Since more than half of the people who went to the caucuses in Iowa, the first presidential election test last month, were over 55, the turnout of older voters in the primary in 10 days, could prove pivotal.

During presidential campaign this year, the American Association of Retired Persons is holding seminars and taking out TV advertising to help senior citizens make choices based on how candidates stand on questions such as health care.

The televised debate this week took place in Century Village, a spacious retirement haven which boasts golf courses, tennis courts, man-made lakes and the largest Democrat club in Broward County. Outside on the crazy paving, the temperature touched 75 degrees. Inside, in an air-conditioned auditorium usually reserved for cabaret and musicals, Mr Dukakis and Mr Gephardt addressed the *more serious subject of* "Long-Term Care".

More colloquially known as "catastrophic health care", this is the blanket term for providing care to elderly people either at home or in hospitals. It has recently flared into a burning political issue, as US lawmakers have grasped the fact that the present minimum Federal government-backed insurance systems, Medicare and Medicaid, fail to address fully the needs of an ageing yet healthier population.

Mr Gephardt, the master of the 45-second response geared for the television audience, offered his answer: "We would not have had Social Security without Franklin Roosevelt. We would not have had Medicare *without Lyndon Johnson.* Today we are right back where we were in 1936. We need to expand (the role of the Federal government.)"

Mr Dukakis, who suffers from a Massachusetts mumble unsuited to large halls, appeared a little less extravagant than Mr Gephardt. The governor forecast that the Federal Budget deficit could be as high as $200bn when he, President Dukakis, took office, in January 1989. It might therefore be necessary to take a step-by-step approach. But he still proclaimed: "Good health care is the birthright of every American."

Both Mr Gephardt and Mr Dukakis agree that private insurance alone could not do the job. *Mrs Margaret Thatcher's* critical stance toward the National Health Service in the UK notwithstanding, both candidates tripped over each other to woo the voters with public money.

Both pointed out that the present system amounted, in essence, to welfare: families with members suffering from severe debilitating diseases literally have to divest themselves of assets and savings to qualify for the low-income Medicare health insurance.

Long-term care provided in a nursing home in the US costs $2,000 a month at home. Care provided by a professional nurse costs an average of $45 to $60 a visit. At present, private insurance is so expensive that it covers only one per cent of long-term costs, while only 400,000 *private policies* have been sold. Mr Dukakis added that some 40m Americans alone, one sixth of the population, had no health insurance at all.

The answer, according to both men, is to raise at least $6bn by increasing the cap on Social Security contributions. Richer US wage earners (those earning more than $45,000) would bear the extra cost. What is not surprising is that both men were sensible enough to embrace similar reformist legislation, applying to home health care only, by the champion of the elderly in Congress, Mr Claude Pepper. At 87, he is no spring chicken, but he does happen to represent the 18th congressional district in Florida.

Mr Pepper was due to appear on the platform on *Thursday,* but legislative duties in Washington detained him. Instead, his ghostly voice echoed throughout a pre-recorded session for the televised debate.

Afterwards, many of the audience preferred Pepper action to presidential pledges from the two candidates. Mr Gephardt scored because he came up with a polished, easily understood message. However, Mr Dukakis enjoys plenty of support among the New York and Pennsylvannia retirees who can identify with his East Coast, self-made-man, immigrant background.

Both will no doubt heed Mrs Thekla Lewin, a former teacher and tap dancer from Brooklyn who said of her fellow voters in Century Village: "There are a lot of civic minded people. This is a community of voters."

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OVERSEAS NEWS

India anticipates sharp decline in GDP growth

BY K.K. SHARMA IN NEW DELHI

THE INDIAN Government estimates GNP growth for 1987-88 will be only 1 to 2 per cent, compared with an average of 5 per cent in the previous two years. The decline is attributed mainly to severe drought.

In a detailed review of the Indian economy – presented to parliament yesterday by Mr N D Tiwari, Finance Minister, before the budget on Monday – the government cites various positive factors at a time when the economy is under severe strain. These include a healthy growth of industrial production, up by an estimated 8 per cent in 1987-88, buoyant exports which increased by nearly 25 per cent in the period April to December 1987, and an improvement in India's notoriously poor infrastructure sector.

However, the severe drought also highlighted weaknesses in the economy. Special concern has been expressed over the stagnation in agricultural production in the last five years, with output expected to drop by 14 per cent in 1988-89 because of drought this year. Inflation is running close to double figures and the balance of payments outlook is bleak, despite improvement in exports.

The survey indicates that the government will adopt austerity measures, including cuts in public expenditure. There is to be a "ruthless pruning" of programmes of doubtful economic and social merit, moderation in the growth of wages and salaries, reduction in the growing government subsidies and an emphasis on completing existing development projects before launching new ones.

These austerity measures are bound to be unpopular, particularly after projected increases of more than Rs 20bn (£862m) in government revenues through increases in prices of controlled items during recent weeks.

The balance of payments came under strain due to the additional imports of such items as edible oils and lentils because of the shortfall in production due to drought. This was compounded by such factors as the slowdown in crude oil production, curbs by other countries on imports and the concentration of repayment obligations to the International Monetary Fund and other lenders while there is an unfavourable climate for concessional foreign aid.

The survey estimates that the country's debt service ratio is likely to increase to 23 to 24 per cent of current receipts because of higher IMF repayments and commitments from commercial borrowing.

This burden is expected to increase further because of the continuing high level of borrowing abroad. Approvals for external commercial borrowing amounted to Rs 13.5bn from April to December 1987, compared to just Rs 8.1bn in the equivalent period of the previous year.

N D Tiwari: Economy hit by drought

Despite these danger signals, the survey says the Government managed the economy soundly in a serious drought year and claims that the "extent of economic dislocation has been limited this year". It has been decided to give top priority to agricultural development in the remaining two years of the seventh five-year plan (1985-90).

Nigeria in talks on IMF deal

BY TONY HAWKINS IN LAGOS

CRUCIAL talks between the International Monetary Fund and the Nigerian Government on a new 12-month standby facility for Nigeria have opened Lagos.

The talks follow the expiry last month of the January 1987 IMF agreement covering a standby of SDR 650m, which Nigeria has not drawn upon. Although Nigeria faces an external financing gap estimated at $1bn this year, public opinion in the country is strongly opposed to borrowing from the IMF.

Despite this, the talks are crucial because as in 1986/7 Nigeria desperately needs the Fund's approval of its ongoing structural adjustment programme in order to secure access to additional foreign loans.

Japan has offered Nigeria a $200m loan and both this and the long-standing promise by international commercial banks to provide $320m in new money in 1988 are dependent upon Nigeria agreeing to a fresh IMF programme. The same applies to the resumption of export cover for project finance by western export credit agencies.

This will not be easy to achieve in the wake of last year's overshooting of IMF credit and fiscal deficit limits by Nigeria. In addition, both the Fund and the World Bank are believed to be unhappy with some aspects of the reflationary 1988 budget announced at the new year – most notably the 8.6 billion naira budget deficit, equivalent to 7 per cent of gross domestic product.

Perhaps the most important single issue, however, is likely to be the IMF's insistence on substantial and early increases in the domestic price of fuel. Late last year, the Nigerians were reportedly on the brink of satisfying this. But the government backed off after strong public opposition. Politically, it would be difficult for the government to impose such an unpopular measure as a result of IMF pressure.

Despite this, Nigerian officials and bankers hope that with flexibility on both sides it will be possible to agree a new Fund programme. They point out that the IMF has invested considerable effort and prestige in Nigeria's economic reform programme and is likely to be reluctant to jeopardise this by adopting too doctrinaire an attitude.

At the same time, it is accepted that there will have to be some movement on the Nigerian side if an accommodation is to be reached.

Meanwhile, in a separate development, Nigerian officials confirmed that the final tranche of about $500m of promissory notes in respect of rescheduled trade arrears to uninsured creditors will be issued early next month.

Aquino in warning to Moslems

PRESIDENT Corazon Aquino flew to the far south of the Philippines yesterday, warning Moslem rebels her army was prepared to resume the bloody anti-secessionist war of the 1970s, Reuter reports from Manila.

"Let not moderation be mistaken for weakness," Mrs Aquino said in a speech at a heavily-guarded military base at Zamboanga on the main southern island Mindanao, a Moslem stronghold. "We will seek peace but we will fight if fight we must."

A small group of Moslem demonstrators protested outside the Edwin Andrews Air Force Base.

An estimated 50,000 people died during fighting between the Moslem Moro National Liberation Front (MNLF) and government troops in the 1970s, before an agreement which guaranteed limited autonomy to much of the south.

Mrs Aquino is committed to honouring the pact reached under her predecessor, Ferdinand Marcos, but the two sides have been unable to agree on the details.

In her speech, Mrs Aquino said the Philippines could "certainly use the help" of Islamic nations in bringing peace to the southern Philippines, home to most of the country's seven million Moslems.

But she added: "We urge (Islamic nations) to refrain from any action that will encourage any extremist activity."

The Moros have been lobbying to become special members of of the powerful Islamic Conference Organisation which groups Moslem nations.

Diplomatic analysts doubt the rebels will succeed as their membership bid is opposed by Indonesia, Malaysia and Brunei.

Pakistan seeks $900m loans

BY JOHN ELLIOTT IN ISLAMABAD

PAKISTAN is holding talks with the International Monetary Fund this week about special loans of up to $900m to help offset balance of payments problems.

The talks come as the Government is having difficulty finding funds to finance its five year plan for 1988-93, the draft of which is to be published. Expenditure in the plan has already been cut from Rs700bn ($41.2bn) to Rs640bn because of a shortage of funds.

The budget deficit last year rose to 8.8 per cent of gross domestic product. The government has failed so far to find ways of curbing its spending. But in the plan it proposes politically unpopular fund-raising measures including a form of sales tax, charges for schooling, medical and other services, and a tax on rural land holdings.

IMF officials are in Islamabad this week for routine talks before the annual Pakistan Aid Consortium meeting in Paris in June. The talks have focused on the fund providing balance of payments support in the form of a structural adjustment facility of up to $170m, and an extended adjustment facility which could go up to $750m.

However, the fund is believed to have proposed economic policy conditions, such as stringent budgetary controls and a cut in subsidies, which the government is reluctant to accept because they could cause political problems.

The alternative is for Pakistan to use up some of its foreign exchange reserves which have already dropped to about $500m, equivalent to one month's imports. The balance of payments position has strengthened in the past two years, following sharp increases in exports. But it is now vulnerable because of rising imports and heavy foreign debt repayments, which this year include $340m, against a 1981-83 $1.3bn IMF loan.

The current account deficit last year dropped by 39 per cent to $752m, but is rising again to an estimated $1bn this year. Exports grew by about 27 per cent in dollar terms in the first seven months of the current financial year, but imports are up by 16 per cent compared with a budget forecast of 9-10 per cent.

Remittances from Pakistanis working abroad are dropping by about 10 per cent anually and are expected to total $2bn this year. The debt service ratio has risen to 28 per cent, which the IMF regards as too high.

The new five year plan envisages the economy growing by 6.5 per cent, slightly higher than in the past five years, with agriculture growing at 4.5 per cent compared with 4 per cent and manufacturing industry maintaining a level of about 8 per cent.

IMF medicine at issue in Senegal

Simon Clarke assesses tomorrow's Dakar presidential election

Senegal's presidential elections tomorrow have been narrowed down to a contest between two men: President Abdou Diouf of the Parti Socialiste (PS) and Abdoulaye Wade of the Parti Democratique Senegalais (PDS).

With a World Bank structural adjustment programme aimed at promoting economic growth underway, President Diouf is expected to capitalise on his reforming image and superior campaign resources to regain office, but with a smaller majority.

The contest between Wade and Diouf has eclipsed the remaining two candidates. Landing Savane of the Maoist "And-Jes/MRDN" (Mouvement Revolutionaire pour La Democratie Nouvelle) and Babacar Niang of the Marxist "Parti pour La Liberation du Peuple" (PLP).

The main issue is the government's economic record. Senegal has been co-operating with the World Bank since 1979. The reform programme, which includes tighter control of government spending and promotion of the private sector is now in its second phase, to run until 1992, and backed by $93m IMF loan. Most import tariffs have been lowered or removed. Plans have been made for the privatisation of an initial 10 companies from 86 wholly or partly government-owned concerns, while efforts have been made to diversify farming away from goundnuts.

These changes have been accompanied by austerity budgets which cut government spending and led to redundancies in the private sector. Farmers have suffered hardship from droughts during the early 1980s while the government struggled to find an efficient marketing and distribution system for the groundnut crop. In the towns, prices have risen four or five times since 1980 while wages have been kept in check. Inevitably this austerity has been a major election issue.

President Diouf came to power in 1981, taking over from the retiring Leopold Senghor. He was re-elected in 1983, polling 84 per cent of the vote, an embarrassingly high figure amid claims of cheating over the count.

Abdoulaye Wade is basing his campaign on the alleged corruption in 1983 and the increasing role of the World Bank and IMF in Senegal. His main support comes from the southern Casamance region, geographically and culturally distinct from most of Senegal, where opposition to the government has been a regular feature since independence.

The clinching factor for Dious will be the support of the Islamic Mouride Brotherhood, active in all areas of Senegalese life. The Mourides command absolute loyalty from their followers through a paternal system of local "Marabouts," each with a separate following under the guidance of the chief Khallif, El Hadj Lahat Mbacke. Mcbacke has instructed all Mourides to vote for Diouf and is thought to receive coinsiderable influence with the government in return for his support.

Diouf can also rely on the help of several non-party support groups which have been active organising rallies and support through the government daily "Le Soleil."

There is a current of nervousness underlying the election. Students at both Dakar and Thies universities are striking over educational provision and conditions. Bus drivers in Dakar refused to work and riot police had to be called when buses came under attack from students throwing bricks. The memory of last year's police strike, also sparked by students' demonstrations, is strong.

Confrontation between the police and military led Diouf to dismiss the entire police force. They were reorganised and reinstated last year but wariness remains between the force and the establishment.

The election result is not in much doubt, in view of Diouf's campaign resources, strength of support and reform record. The next five years will be more telling as changes continue under the Adjustment Programme. But if results are not forthcoming for the Senegalese people Diouf could be facing a very different prospect by 1993.

UK NEWS

Philip Coggan reports on the founder of the Littlewoods empire

Richest man sets store by mystery

SIR JOHN MOORES will not have enjoyed his Wednesday. He was the subject of unwelcome headlines after a survey named him the richest man in Britain and – probably an even greater blow – Everton Football Club crashed to defeat in the semi-finals of his own trophy, the Littlewoods Cup.

The 92-year-old Sir John might well have been willing to swap a chunk of his estimated £1.7bn wealth for the chance to present his cup to the Everton captain at Wembley. After all, he has twice been chairman of the club and is still its largest shareholder.

However, Sir John's reaction to the week's events are unrecorded. Like the occasional £1m winner in his company's pools competition, he has always opted for "no publicity." He was once again turning away interviews this week.

Even his business empire, now the largest private company in Britain, was established in secrecy. He was working for a cable company when he began his pools operation with two partners in 1923; to avoid the attention of their employer, the company was called Littlewoods after the original family name of one of the founders.

It was an unpromising beginning. The first dividend was just £2 12s (£2.60) and the operation lost money. His partners lost heart and sold out – the business equivalent of filling in a winning combination and then forgetting to post the coupon.

Sir John Moores: known for his vigour

By 1927, Sir John was able to give up his cable job and become a full-time pools promoter. Five years later, he had made his first million pounds and was able to expand into mail order. In 1937, the third leg of the modern business was put into place with the opening of the group's first store in what was to become a chain.

Today, Littlewoods is Liverpool's biggest employer, the UK's biggest pools promoter and its second-largest mail order group. The company's last reported results – for 1986 – show pre-tax profits of £70.1m on turnover not far short of £1.8bn.

However, the progress from small business to big conglomerate had its dramas. The Moores family's search for Sir John's successor had the hallmarks of the US television soap opera Dynasty, even down to a granddaughter named Alexis. One son, John junior, opted instead for cattle breeding; a nephew, Nigel, was widely tipped to be the successor until he was killed in a car crash.

Eventually, another son, Peter, who had attempted an operatic career before finally settling for the family business, took over as chairman in 1977. However, when profits subsequently fell it was not long before Peter was out and Sir John, at the age of 84, returned to the helm.

It sounds like the classic story of a founder who could not let go of his business. Indeed, one of Sir John's rare recorded public utterances was that "retirement was like a death sentence."

Mr Michael Julien, who in 1981 became the first outsider appointed to the board and who was appointed chief executive of Storehouse on Thursday, described Sir John's vigour by saying: "If I'm half as wide awake at 60 as he was at 90, I'll be absolutely delighted."

That energy enabled Sir John to pursue a wide range of interests outside his business. He was a steward of the British Boxing Board of Control and a patron of the British Olympic Association; he also endowed a school of business management at Liverpool University.

Sir John finally stepped down from the chair of Littlewoods in 1982. Mr John Clement, chairman of Unigate, and Mr Desmond Pitcher, former managing director of Plessey Telecommunications, are now chairman and chief executive.

They have gradually revitalised the company. The pools business has never been a problem; it has continued to generate cash to develop the rest of the group. However, the advent of "design-conscious" retailers left the group's stores lagging behind and the early 1980s recession hit the mail order business.

Mr Pitcher has revamped the stores and invested heavily in computerising the mail order business. The company's main problems seem to have been overcome.

However, the advent of outside management means the days of private ownership are numbered. The shares are now spread among a wide number of Moores – indeed some argue that the Money Magazine survey should have attributed the £1.7bn to the family rather than just Sir John.

Meanwhile, the new non-family management is left without a single share at a time when executive equity schemes are virtually de rigeur in industry.

A public quote is the obvious answer and analysts expect the long-awaited Littlewoods flotation within the next 18 months.

Mail order shopping heads upmarket

BY MAGGIE URRY

THIS WEEKEND Littlewoods launches its first new mail order catalogue since the 1960s. That says much about the state of mail order retailing.

The catalogue is called Imagination. In the past two decades there has been little of that in the mail order industry. The big companies – Littlewoods with 27 per cent of the market and Great Universal Stores with 40 per cent – have held their positions. The smaller independents – Freemans, Grattan and Empire – have been rising and falling, targets for takeovers or at least bids.

However, in the past year or two there have been stirrings. Most prominent was the launch of the Next directory last month. Next, the high street group which took over Grattan, was trying to change the image of mail order from the down-market, free credit idea. Its "home shoppers" – as they are now called – want quality, reliability and style.

Mr David Jones, head of Grattan, says virtually all the 500,000 Next directories have been sent out. Sales are above expectations at about £2m a week. "The big question was would people go on ordering once the initial excitement had died down? They have," Mr Jones says. There have been tales of deliveries taking longer than the promised 48 hours, though Mr Jones says problems have now been sorted out.

GUS has developed its fashion "specialogue" Kit (a smaller catalogue directed at a target market) into Complete Kit, a "magalogue" which includes editorial features and will sell at £1.50. Marks and Spencer has moved into mail order for its home furnishings.

Littlewoods' move, according to Mr Tony McCann, managing director of the home shopping division, is not a response to Next but the result of two years of planning.

"We have recognised that we are not in the credit business but in the retail business," he says. "It is time that home shopping had an offer to compete with the high street."

Buying through Imagination will be the same as "a typical high street retail transaction," says Mr McCann. The merchandise will be of a similar quality to that in shops. Imagination offers 24 well-known brands including French Connection, Top Man, Adidas and Levi 501s.

Gone from Imagination are the easy credit terms and the "agency" system, where the catalogue holder would sell to friends and take a commission. Ordering is by phone or letter; payment by cheque, credit card or charge account; and despatch is within 24 hours.

Without the cost of "free" credit and 10 per cent commission, the prices in Imagination ought to compete with those in the high street. Imagination's first catalogue totals 700 pages and, like Next's directory, has a print run of 500,000. Unlike Next's it will be free.

Mr McCann is hoping for sales of £50m from the first full year of Imagination, a break-even position after paying start-up costs. In the second year his target is for £75m of sales and a £5m profit.

"Eventually it will be bigger than our other titles," he says, "and there is much more profit potential despite the lower prices."

Financial Times Saturday February 27 1988

Scots electricity board fuels row over coal prices

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE ROW between the South of Scotland Electricity Board and British Coal about the price of coal supplies to power stations intensified yesterday, with the board rejecting British Coal's latest proposals.

British Coal appears set to proceed with seeking an interdict against the SSEB for breaching long-term contracts in the Court of Session in Edinburgh on Tuesday. However, the SSEB has not yet signed any contracts for supplies of foreign coal, for which it has been given tenders.

The row between the two nationalised corporations began when the SSEB asked for tenders from foreign coal suppliers as well as from British Coal, saying it had failed to achieve the substantial reduction in coal prices from British Coal which it had been seeking.

When the tenders closed on Monday, British Coal offered the SSEB a 12-year contract which it said yesterday would cut the price to the electricity utility by 6 per cent in money terms from April 1.

British Coal said this meant a real saving of nearer 10 per cent, allowing for inflation. There would be further savings in the next two years, after which the price would be fixed in real terms until the year 2000.

British Coal also offered as an alternative a one-year deal, under which up to 1.75m tonnes out of the SSEB's total needs of about 4.5m tonnes would be at a price fully aligned with world price levels. The offer would enable the SSEB to meet its cost goals. "We cannot do more than this," British Coal said.

However, Mr Donald Miller, chairman of the SSEB, strongly rejected these claims. "British Coal have been totally inflexible and have offered us no real reduction in our coal costs. It amounts to less than 1 per cent," he said. British Coal's prices were 40 per cent above world coal prices.

Mr Miller told a delegation from the Scottish Trades Union Congress that the future of the Scottish coal industry depended on British Coal being able to offer prices which enabled the SSEB to export electricity to England and Wales.

The STUC delegation met Mr Miller to underline British Coal's warning that if the SSEB bought foreign instead of Scottish coal, the last four remaining pits in Scotland would close, with the loss of 3,000 jobs.

THE ELECTRICITY Council, the industry's umbrella body, said yesterday that the 12 area boards in England and Wales were giving "strong backing" to the Government's privatisation programme. The Central Electricity Generating Board proclaimed its "profound disappointment."

The council, whose chairman Sir Philip Jones will steer the industry into the private sector, said the federal structure introduced in 1957 had not proved fully effective. The new plans would help free initiative.

Mr James Smith, chairman of Eastern Electricity, referring to the prospect of greater competition among those generating electricity, said: "Private companies are already knocking on our door, keen to be part of the action."

The CEGB told employees that, while it could welcome some aspects of the Government's proposals, it was disappointed that "overall the *Government has rejected* our advice."

Nickel trading halted at record high

By Richard Mooney

TRADING in the London Metal Exchange's cash nickel contract was suspended yesterday after traders, desperate for supplies to meet contracted deliveries, bid the cash position up to an unprecedented high of $15,000 a tonne.

That represented a rise of nearly $4,400 from Thursday's close – which was itself $1,385 up from Wednesday. The premium over the three months position reached more than $6,000 a tonne.

As the situation threatened to get out of hand the exchange's board halted trading after the morning session and imposed a fixed settlement price of $10,820 a tonne for metal deliverable up to March 1.

It also set a limit of $150 per tonne per day on the premium chargeable for cash nickel. Traders who have sold short and are unable to "borrow" physical material within that premium will have to pay a penalty of $150 per tonne per day. Buyers seeking physical delivery against LME contracts will be entitled to compensation of $150 per tonne for each day they are kept waiting.

The LME said these arrangements would remain in force *until further notice.*

Physical supplies coming into the market will be distributed among contracted buyers on a pro rata basis.

The nickel market has been strong for some time, reflecting increasing supply tightness.

In the scramble to cover yesterday's shortfall all available supplies were mopped up and even the $15,000 offered failed to attract any fresh offers.

Raymond Snoddy on the passage of the Copyright, Designs and Patents Bill

Intellectual property rights hit by doubt

THE COPYRIGHT, Designs and Patents Bill was clear on the right to copy scientific research for commercial purposes.

The bill, now in mid-report stage in the Lords, aims to create a licensing system to compensate authors and publishers for the copying of scientific research from technical journals by commercial bodies.

The proposals follow recommendations in the Whitford report on copyright in 1973, and green and white papers.

Lord Young, Trade and Industry Secretary, who is ultimately responsible for the 277-clause bill, clearly thought the provision sensible.

He said in the second reading, after referring to the prevalence of modern photocopying methods: "It is anomalous that a business should be able to use another person's property without paying for it."

Then, after lobbying by the Confederation of British Industry, he changed his mind and decided to bring photocopying for commercial research within the so-called fair-dealing provisions. This means companies would not have to pay for copying copyright material.

The Publishers Association was outraged. It warned of damage to the future of British scientific publishing and its export markets.

Yet hours before the government amendment was introduced on Tuesday Lord Young indicated he might change his mind again if the publishing industry produced a licensing system neither bureaucratic nor costly.

The bill has been messed about, says one involved in what seemed like a lifetime's work – the creation of a comprehensive system to protect intellectual property rights well into the next century.

More than 1,000 amendments have been tabled; passions have been aroused to an extraordinary degree considering the legislation's technical nature; and the Government appears to have become bogged down in the lobbying and special pleading.

The flip-flops on scientific copying are but one of several areas where the Government has changed its mind. Some believe the bill has been tilted more towards the needs of big industrial interests than to individual creators' rights.

Composers are even unhappier than publishers. Between white paper and bill the suggested levy on blank audiotapes to compensate for widespread music-copying by the public was dropped.

However, the record industry has persuaded the Government to introduce a rental right for gramophone records. The right is really aimed at compact discs, which make good masters for high-quality copying by tape.

Lord Young: changed his mind after CBI lobbying

The amendment would give record companies absolute rights over renting CDs for 12 months after release, and, after that, the right to equitable remuneration from shops now renting CDs at a fraction of the retail price.

Composers, however, will get nothing from the deal unless they persuade record companies to include rental compensation in contracts.

Mr Michael Freegard, chief executive of the Performing Right Society, said: "Our objection is that it makes no provision whatsoever for those who actually create the music put on a record or CD."

The society is one of seven bodies representing music copyright-owners which have united in the Music Copyright Reform Group, a last-ditch attempt to change the Government's mind.

The Government, in another change following pressure, from newspaper publishing bodies, plans to strengthen employers' rights over journalists' articles.

Battles continue. The CBI has its victory on scientific copying, at least for now, but is still unhappy about abolition of design copyright.

The bill proposes to replace this with what it sees as the limited option of registered designs for so-called aesthetic designs, and a new non-registered design right for functional designs.

The confederation sees this as a pirate's charter for foreign designers. It is appealing for more amendments.

Mr Geoffrey Adams, managing director of the Design Protection Advisory Council, part of the Design Council, believed the white paper about right because it pleased no one.

Now he believes the entire debate on design-protection has been cast to help spare-parts makers – the "must fit and must match" provisions.

For example, a car water-pump would have some protection whereas the hose connecting it to the engine would not.

The second exception which would not be protected against copying covers components which must match, or are an integral part of, the whole, such as car body panels.

Mr Adams believes the exceptions will create loopholes.

Instead of the bill's approach the confederation wants the problem of companies abusing their monopoly rights over spare parts to be dealt with by a copyright tribunal, empowered to grant compulsory licences.

Amid agitation attending the bill's passage is at least one amendment which could cause happiness.

Political opponents Lords Callaghan and Joseph have united to propose that the copyright in Peter Pan held by Great Ormond Street Hospital for Sick Children, which expired last year, should belong to the hospital forever.

Even this imaginative measure is opposed, because of the dangers of creating a precedent.

Doubling of exports to Japan sought

BY PETER MONTAGNON, WORLD TRADE EDITOR

BRITISH exporters will be urged next week to double their exports to Japan by 1990 following what ministers say privately is a sea change in UK attitudes to economic relations between the two countries.

The new target, which would take annual exports to £3bn, will be announced on Monday by Lord Young, Secretary for Trade and Industry, who is scheduled to lead a delegation of top industrialists on a visit to Japan next month.

During his visit Lord Young will seek to portray Britain as "Japan's best friend in Europe." This is in marked contrast to the acrimony that soured trade relationships last year as disputes flared on several fronts.

The new, more positive attitude follows the satisfactory settlement of the dispute over the attempt by Cable and Wireless to secure a stake in Japan's international telecommunications industry. In addition, it follows the end of a dispute over obstacles facing UK securities houses seeking seats on the Tokyo Stock Exchange.

Britain also takes at face value a promise by Japan to alter its liquor tax system so that it no longer discriminates against imports of Scotch whisky.

Long gone are the days when – as at the height of the Cable and Wireless dispute – Mr Alan Clark, Trade Minister, could say it would not matter "if the whole of Japan were winched 15 feet under water."

Whitehall has now realised that publicity given to the barriers to trade with Japan has discouraged UK exporters from seeking business there in spite of the opportunites, especially for high-quality branded consumer goods, afforded by the strength of the Yen.

Ministers, basking in the glow of an "economic gold medal" award to Britain this week by Japanese ambassador Mr Toshio Yamazaki, said Japan had begun to face up to its international economic responsibility.

Ministers said the UK would continue to take a firm line on removing Japanese trade barriers.

Disputes and trade barriers should no longer be the overriding feature of the economic relationship between the two countries, they said.

One hope is that a closer economic relationship will encourage Japan to use the UK as a base for servicing the unified European internal market planned for 1992, as well as boosting British exports.

The doubling of exports remains a relatively modest target in monetary terms, however.

In spite of the sharp movement of exchange rates in favour of British exporters, it may still prove difficult to persuade businesses to live up to the high product standards demanded by Japanese consumers.

N Ireland devolution talks plan

By Our Belfast Correspondent

MR TOM KING, the Northern Ireland secretary, is to have formal talks next month on the prospects for devolved government with Mr John Hume, the leader of the SDLP, Northern Ireland's main nationalist party.

The move follows a series of meetings between Mr King and the Unionist leadership in Northern Ireland, and is being interpreted as an attempt to open up political dialogue.

Mr King's initiative is aimed at breaking the political deadlock but Unionists have made it clear that no formal negotiations could begin with anyone until the Anglo-Irish agreement is suspended.

Lower profile urged for SIB

By Barry Riley

SELF-REGULATION in the financial services sector will come to an "early end" unless the Securities and Investments Board adopts a lower profile, Mr John Morgan, chief executive of the Investment Management Regulatory Organisation, said yesterday.

He said the self-regulatory organisations, of which Imro is one, must be allowed to develop personalities without being over-restricted by the "schoolmarmish" SIB, the watchdog body designated under the Financial Services Act.

Speaking at the investment conference of the National Association of Pension Funds in Eastbourne, Mr Morgan said that with "A-Day" approaching in April, when the main provisions of the Financial Services Act will be implemented, there was a case for saying "that the SIB should now see its major task as accomplished." After A-Day the SROs should be allowed scope to vary their rule books and apply flexible practitioner-based regulation.

"A falling-out on interpretation as rules go into practice, and even more as they require modification, will in my view bring an early end to self-regulation," he said. SROs would then either become subservient or would take their members' side and adopt more of the role of trade associations.

Warning on water and electricity sell-off

BY TOM LYNCH

THE PRIVATISATION prospectuses for the water and electricity industries might fall foul of the Financial Services Act, Lord Williams of Elvel, Labour trade and industry spokesman, told the House of Lords yesterday.

The Public Utility Transfers and Water Charges Bill, which paves the way for the privatisations, was given an unopposed second reading after Lord Belstead, the Leader of the House, rejected the Labour argument that the difficulty of valuing the industries' assets would undermine the accuracy of any financial forecast.

However, there were signals from the Conservative back benches that the bill faces a difficult committee stage, with two former ministers criticising the proposed regulatory mechanism for the water industry.

Lord Williams said water and electricity would be the first privatisations affected by the Financial Services Act, under which it is a criminal offence to make deliberately or recklessly misleading forecasts to induce investment.

He asked how the Government could establish a fair value for the water authorities when many did not have complete asset registers.

Lord Belstead said one valuation of the water authorities' assets was £27bn, based on the depreciated current replacement cost of assets currently in use.

The new companies' market value would depend on many factors other than assets, and the Government would obtain the best value from the market.

The water authorities would produce "schemes of arrangement" in the run-up to privatisation to cover the transfers to the National Rivers Authority, and accountants would ensure that the prospectus requirements were met.

● Water authorities have been given until the year 2000 to find an alternative to water rates.

Mr Colin Moynihan, the junior Environment Minister, said in a Commons written reply yesterday the Government would amend the Local Government Finance Bill to give each water supplier 10 years after domestic rates are abolished in which to choose and introduce alternative means of charging.

Lord Belstead made clear in the House of Lords yesterday that water metering was the "most obvious" but not the only method of charging in the future.

It would be for the privatised companies to decide, helped by the results of metering trials due to begin in 11 areas later this year.

MPs to debate engineering

THE HOUSE of Commons is to hold a rare debate on engineering on Friday March 11.

Mr Patrick Thompson, Conservative MP for Norwich North, has chosen the topic after coming top of a ballot for choice of subject for that day.

He has tabled a general motion highlighting the record of UK engineering industries and urging consideration of the steps needed to improve performance up to and above overseas standards.

On Monday, the Commons will hold one of its equally rare debates on science policy.

Trusthouse Forte to lease Courage pubs

BY LISA WOOD

COURAGE, the large brewer owned by Elders IXL, is leasing out 100 of its 5,000 public houses to Trusthouse Forte, the hotel and leisure group.

Trusthouse Forte will convert the pubs to Harvester restaurants over the next five years. The Harvester chain was created by Courage in 1983 and subsequently run and developed by THF after it bought the former Imperial Catering operations from Hanson, which acquired the Imperial Group in 1986.

Elders IXL, which bought the Courage brewing operations from Hanson last year, has been looking at several schemes to capitalise on the asset values of its pubs and it recently announced plans to put its pubs into a joint venture with a property group.

Courage said that if this plan went ahead the 100 pubs leased to THF, which retain the tie with Courage, would go into this joint venture.

Courage, which is concentrating on developing its brewing business, has already leased off a few of its larger pubs to leisure organisations including *Midsummer Leisure and First Leisure.*

Half the pubs involved have tenants, but Courage said it envisaged no problems because as their tenancies expired, they could be offered other pubs.

THF said the venture with Courage, together with its development programme, would give it a chain of about 200 Harvesters within five years.

Package tour prices cut to boost sales

By David Churchill

PACKAGE TOUR companies yesterday launched price cuts and promotions to boost summer holiday sales. Intasun announced cuts of up to £100.

Horizon Holidays announced a deal with Pickfords Travel bringing cuts of £50 a holiday. With existing discounts the offers mean a £228 saving on the brochure-price of £750 for a holiday for two.

Air traffic computer

THE CIVIL Aviation Authority's plans to spend £22m on a computer for the London Air Traffic Control Centre at West Drayton have been approved by the Government.

The authority wants the computer to be installed by summer 1990.

Thatcher sees no divide on visit to northern stars

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

PRIME MINISTER Margaret Thatcher went to see some of the north of England for herself yesterday and declared the place a success.

It was a carefully selected north and what she saw was very successful – from a new Campbell frozen food factory in the Salford Enterprise Zone to the Studio 2 ladies' gymnasium in the Dean Clough Industrial Park, Halifax.

At Salford University, demonstrating students tried to distract her attention towards the problems of the National Health Service and inner-city unemployment but she walked on into a new £3m Information Technology Institute, cocooned by security and oblivious to a small salvo of four hurled eggs.

She last visited the university in 1982, when Salford's government funding had just been halved. She told the academics then that this was not a threat but an opportunity. Yesterday, with Salford earning 43 per cent of its funding from industry and commerce, she said this proved the value of shaking things up.

The £3m centre – built, equipped and supported with funding equally divided between the Government and 57 companies – offers Britain's only honours degree course in minicomputer applications for industry.

Opening the £12m Campbell plant – the company's largest investment outside the US – Mrs Thatcher was presented with a goodies bag

She had also been to Dean Clough before, in 1981, when it was a 1m sq ft Crossley carpet mill. It closed within a year. Now, rescued by Mr Ernest Hall, the Bradford concert pianist and property developer, it is home for 180 mainly small businesses, 2,000 jobs and the ladies gym.

What about the north-south divide? "I don't see the divide. There are pockets of difficulty in the north. There are pockets of difficulty in the south."

Press told to improve standards of regulation

BY JOHN HUNT

A STRONG warning was given yesterday by Mr Tim Renton, Minister of State at the Home Office, that the press could face Government regulation unless some newspapers improve their standards and take more notice of rulings by the Press Council, the newspaper industry's voluntary regulatory body.

It is understood, however, that the Government has no plans or any wish to introduce laws to prevent abuses by newspapers such as unwanted intrusion into privacy or refusal to publish apologies.

Mr Renton's words were meant to convey that unless the newspapers that are guilty of such behaviour mend their ways, the pressure for such legislation could become irresistible.

Ministers will, however, be awaiting the next report of the Press Council to see how many newspapers have fulfilled their obligation to print rulings that have gone against them.

Speaking to an International Press Institute seminar in London, Mr Renton said: "Any system of self-regulation is only as good as the degree of co-operation which it receives from those who are party to the system. This is as true of the press as it is of the City."

He had been pleased by the forthright warning given recently by Sir Zelman Cohen, chairman of the Press Council. Sir Zelman had said that unless all the press respected the Council's findings, the existence of the council might be called into doubt. In this event Sir Zelman felt it would be inconceivable that parliament would not replace the council with some other form of regulation.

Mr Renton commented: "I hope that proprietors, editors and reporters will heed those words."

The present system, whereby journalists were subject to the same law as other citizens, had served the country well.

Highland Express rescue 'fails'

A JOINT liquidator of Highland Express, the Scottish airline, said last night that the attempt to save it had almost certainly failed.

A consortium headed by Sir Ian MacGregor, the company chairman, had tried to raise £3.5m to rescue the airline after it failed last December. Mr Robin Wilson of accountancy firm Touche Ross said: "I think one must now say that the indications are the consortium is unlikely to be able to mount a rescue."

Highland Express flew between Prestwick in Scotland and Newark Airport, New York. The company's one aircraft, a Boeing 747, was repossessed last month.

Oral tobacco ban

THE Government proposes to ban some tobacco products taken orally, including one called Skoal Bandits, that allow nicotine to be absorbed into the bloodstream.

Mrs Edwina Currie, Health Minister, said such products were known to be causally associated with oral cancer.

APPOINTMENTS

Jacksons Bourne End has new board

Following Select Country Hotels and a group of other investors acquiring a 60 per cent stake in JACKSONS BOURNE END, **Mr James Gulliver**, chairman of Argyll Group, has been appointed chairman; **Mr David Newling Ward**, of Select Country Hotels, becomes deputy chairman; and **Mr Robin Howard**, also of Select and previously of Argyll, has been made managing director of Jacksons Bourne End, a shoe components and property group. He intends to acquire properties in the hotel and leisure sectors.

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Mr Ian Scholey has been appointed group treasurer, AITKEN HUME INTERNATIONAL. He was with Barclays Bank Group.

Mr Perran Newman has been appointed executive chairman of TEAM CONSULTING. **Mr Alan Goodman** has become managing director.

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Mr W.G. Antony Warde-Norbury has joined the board of PROVIDENT FINANCIAL GROUP as a non-executive director. He is also chairman of both Skol International, and Oldham Claudgen, and a director of Ind Coope African Investments.

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Mr Takis Arapoglou, previously an executive director of Chemical Bank International, has rejoined CHASE INVESTMENT BANK as a managing director. He will be responsible for the coverage of sovereign, government-related and financial institution accounts in the Nordic region, and for the bank's activities in Greece.

TSB GROUP has appointed Mr Don McCrickard as an additional deputy managing director to handle banking-related activities within the group. Mr McCrickard is currently managing director of TSB Commercial Holdings, as well as chairman of Swan National Motor Rental and Vehicle Leasing, a TSB subsidiary. Until now, the group has had only one deputy managing director, Mr David Thorn, who will continue to handle its non-banking activities.

BRADSTOCK GROUP has appointed **Mr Michael Forbes, Mr Alastair Gordon Cumming, Mr Robin Furber** and **Mr Gary Burke** as directors of Bradstock Penrose Forbes, its fine art insurance broking subsidiary. Group directors **Mr David Bradstock, Mr Robin Gibson** and **Mr Peter Cresswell** also join the subsidiary board.

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3i board posts

INVESTORS IN INDUSTRY (3i) has made the following appointments from April 1: **Mr Tim Moulds** as director of personnel; **Mr Derek Sach** as director responsible for regional activities; **Dr Neil Cross** becomes director responsible for overseas interests (except US), 3i properties, corporate finance, and portfolio management. **Mr Brian Larcombe, Mr Robin McIntosh** and **Mr Paul Waller** have been appointed regional directors.

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From April 1 **Mr Thomas Wrigley** becomes group chief executive of FIRST NATIONAL FINANCE CORPORATION. **Mr Leslie Maxted** is made made group finance director; **Mr Josef Kamiel**, commercial lending division director; **Mr David Cowham**, consumer credit division director; and **Mr Stanley Clayman**, property division director.

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Mr Martin Brown has been appointed marketing director of TARGET INTERNATIONAL MANAGEMENT. He was a director of Henderson Administration International, and of Henderson Unit Trust Management.

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Miss Susan Reeves has been appointed an associate director of BERRY ASSET MANAGEMENT.

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Mr Robert M.J. Andrews has been appointed company secretary of the WRCS GROUP. He was company secretary of Mitchell Cotts.

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BAIN CLARKSON has appointed **Mr Nigel Morris** as managing director of the Bradford board, and as a director of the northern regional board.

UK NEWS – EMPLOYMENT

Pit ruling raises hopes of normal weekend work

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH Coal was last night hopeful that its 102 pits would work normally this weekend for the first time in four weeks after the corporation and Nacods, the pit deputies' union, agreed to accept a preliminary ruling by the industry's arbitration body aimed at settling their long-running pay dispute.

The industry's National Reference Tribunal meeting in London to decide what pay award should be made to the 8,800 deputies ruled that as a first step the union should call off its overtime ban and the corporation should withdraw its revised rosters. Only then could substantive discussions on the pay issue start.

The tribunal ruled that under clause 25 of the conciliation agreement between the corporation and the union, it could only rule on the pay award if both sides agreed to return to the situation which existed before the union started its action.

It is thought the move will pave the way for the tribunal to make a pay award over the weekend which both sides are likely to accept.

British Coal, which has offered an increase of 4.2 per cent, or the reintroduction of incentive bonuses, referred the dispute to the tribunal in late January.

However, Nacods officials in some areas predicted a patchy return to normal working because, they claimed, the corporation was insisting deputies work eight hours over the weekend rather than the usual six.

The union started its overtime ban more than three weeks ago. As a result production at about a third of the corporation's pits has been disrupted on Monday mornings because weekend safety and maintenance work has not been carried out.

The union also imposed a ban on overtime during the normal working week.

In response the corporation imposed revised rosters. The rosters have since become one of the main factors in the dispute. Rosters are normally changed only through consultation. In addition, the corporation rostered weekend work within a seven-day production cycle, rather than setting separate rosters for weekend shifts.

The rosters have largely been accepted, apart from in the Yorkshire coalfield.

Government push on pay flexibility checked

By John Gapper, Labour Staff

THE GOVERNMENT'S push for greater pay flexibility in the Civil Service has been set back by a vote of the leaders of two trade unions against local staff pay supplements, which could preclude their acceptance by the other three main unions.

The CPSA civil servants' union executive yesterday voted against signing any deal on pay supplements, following a similar decision by the NUCPS union executive on Thursday. The NUCPS is also likely to oppose a long-term flexible pay agreement with the Treasury at its conference in May. The union's conference paper on the subject advises against signing a deal similar to those reached with two other unions.

The Treasury said it would await the outcome of a meeting of the Council of Civil Service Unions – the joint union body – before deciding what action to take on local pay additions.

The unions have previously been told that if they do not accept the plan for pensionable supplements of up to £600 a year across the country, an earlier version could be imposed on some departments with recruitment difficulties.

The decision may put some pressure on the council, already under strain because of diverging pay policies of the civil service unions. The IPCS civil servants' union and the Inland Revenue Staff Federation have agreed long-term pay deals.

The NUCPS conference paper argues that although a long-term pay agreement remains the objective of the union, the regional pay flexibility included in the IPCS and IRSF deals is unacceptable.

Talks with the Treasury should be maintained, it says, but only so that "members may be advised of any future changes in the Treasury's position.

The Treasury said it was unlikely to consider a long-term deal without some provision for regional pay flexibility.

Charles Leadbeater reports on training initiatives in America

Voyage in search of job inspiration

MS JULIE TOMISON, a 21-year-old from Keighley, could not get a job in her native West Yorkshire.

Two spells as a Youth Training Scheme trainee did not help, so she packed her bags and went to America to join her mother, who had emigrated, and look for work.

"You know what jobs are like in England – especially in Yorkshire. Getting a job was definitely a factor in coming over here," she said.

Miss Tomison was out of work for four years in the UK as a part-time student, drawing social security. "There's no inspiration to work in England," she said.

She has found her inspiration. On arrival a year ago in Baltimore, Maryland, about 45 miles from Washington DC, she got a job babysitting, which led to a course and work in geriatric nursing.

She is working towards a public diploma which will allow her to go to university and gain a degree to teach English.

In Baltimore she has joined a remedial training scheme, where a range of skills are taught to those who missed out the first time round at school.

Mr Fowler refused to rule out the introduction of a workfare scheme in the UK, under which the unemployed must work or risk losing benefit.

Speaking before a visit yesterday to a non-compulsory form of workfare in Boston, Massachusetts, he said: "It would be foolish to turn your back on such ideas."

However, in line with pronouncements by other ministers, he was unenthusiastic about the compulsory elements of workfare.

Mr Fowler said he preferred systems like the joint schools-industry Boston Compact scheme which he was going to see, and said the Government was considering introducing such schemes to towns like Birmingham and Sheffield

The scheme, which is oversubscribed five times each year, is largely federally funded. However, Miss Tomison is also benefiting from a cross-city system in Baltimore whereby private-sector finance plays a large part.

That is to the considerable satisfaction of Mr Norman Fowler, UK Employment Secretary, who has started a short tour examining US training and employment practices in Baltimore.

Baltimore's Private Industry Council, one of 500 across the US, draws together business, state government, education, social services, community and labour leaders, to raise and spend money on employment and in other areas. The council placed 6,400 people in jobs last year.

Ms Betty Merrill runs a 10-strong company in downtown Baltimore called the Human Development Institute, which trains 150 people annually, on eight-week-long programmes, in retailing skills.

The commercial pressure of HDI's contract with the city is hard: 85 per cent of those who start with the programme have to be placed in jobs, or it will not get its full $209,000 (£118,000) annual income.

The programme is one of a series of mandatory workfare, or work/welfare options in Baltimore, which the relevant group of jobless have to choose, or lose their benefit.

At HDI's headquarters – a converted bank in which graceful columns stretch to an ornate blue-and-gold ceiling, under which sit an audience of largely black women – Ms Bernita Halsey, training director, is pitching it strong.

"Tell yourself you are going to start work. If you believe it, you will. If you don't believe it, you won't. If you say to yourself you are going to start work on March 21, then you will start work on March 21. You accept responsibility for making it happen."

Mr Fowler, looking on, is impressed by such motivational skills. Back at the Learning Centre, he is impressed too by productivity – school learning times are cut by half.

But he wonders about Julie Tomison's move. "She left the UK just before the employment position got better," he said. "I think she might well be in a job had she stayed."

Ms Tomison is doubtful. "I know that my friends are still there, depressed and unemployed and in exactly the same position as when I left. But I feel I can make something of myself now."

Ucatt criticised for editing election speech

By Raymond Hughes, Law Courts Correspondent

THE BUILDING workers' union UCATT was criticised by the High Court yesterday for "editing" the election address of one of the candidates in next week's election of a London regional secretary of the union.

Mr Dominic Behir complained to the court that the union had cut out part of his election address without consulting him.

Mr Justice Hoffmann ordered the union to send out the original address, subject to one factual correction.

He said that, as it was the only way Mr Hehir was permitted to communicate with the electorate, the union had been wrong to alter it without giving him an opportunity to consent to the change.

The court heard that the part cut out had referred to Mr Hehir's complaints of ballot-rigging in UCATT and the fact that no action had been taken against "guilty officers."

The union said yesterday that it had feared it would be at risk of defamation actions if it sent out the address in its original form, because of more specific allegations Mr Hehir had made in the past.

Mr Justice Hoffmann said this fear was unrealistic.

Vauxhall poised for two-year agreement

BY CHARLES LEADBEATER

PRODUCTION workers at Vauxhall Motors last night seemed set to accept a two-year pay deal, worth between 11 per cent and 14 per cent, which incorporates significant changes to working practices.

Union leaders agreed to the package yesterday after negotiations which have lasted about six months. The unions are expected to sign the agreement on Tuesday.

However, the package may still face opposition from skilled workers, who are particularly affected by the plans for changes to working practices.

The strength of this opposition will be tested in local discussions over the more controversial changes planned.

One such change is the introduction of a three-shift maintenance system, which is designed to allow more intensive working and cut down on expensive weekend maintenance work.

The company's previous attempts to introduce revised maintenance shifts were thwarted by the opposition of electricians.

Electricians at the company's main plants at Ellesmere Port in Cheshire and at Luton have voted against the package.

Under the agreement the 8,700 manual workers will be paid allowances worth about 2.5 per cent a year, as more flexible working practices are introduced.

The company wants production line workers to show greater versatility, by taking on a broader range of tasks such as simple maintenance and cleaning of their work stations.

The two grades of skilled workers, electricians and mechanics, will each be required to learn three-quarters of the skills of the other trade. This should raise efficiency by enabling mechanics to do simple electrical work.

The agreement, with effect from September, will take the pay of the average assembly line worker to £225 a week, from £195, including bonuses.

Elsewhere, Land Rover's 6,000 manual workers ended their fist week on strike over a two-year pay offer with little sign of a move from either side to end the dispute.

Union leaders at Renault's truck plant at Dunstable, where 700 manual workers went on strike on Thursday, said there was little prospect of talks over the weekend.

BCal staff leaders agree move to lower pay rates

BY JIMMY BURNS, LABOUR STAFF

UNION LEADERS representing British Caledonian Airways staff have agreed to the terms under which their members will eventually move to lower pay rates as a result of the company's takeover by British Airways.

However, they are considering taking legal action against BA over its plans to merge the BCal pension fund with its own.

Under an agreement reached between the unions and management on Wednesday, a majority of BCal's 7000 staff will be "cushioned" by extra lump sums to be paid in two stages on April I this year and on the same date in 1989.

The payments will each be equivalent to 75 per cent of the difference in their existing basic pay rates and those earned by similar grades of British Airways staff.

According to union officials, a majority of BCal staff had been earning between £1,500 and £12,000 more than their British Airways colleagues as a result of an agreement reached two years ago to consolidate overtime pay into basic rates, in return for more flexible working practices.

BA said last night, however, that the differential was not as great as that claimed by union officials and that Wednesday's agreement fell well within the budgetary limits set as a result of the takeover.

Meanwhile union officials said legal action was being considered on the basis that the proposal for a merged pension fund was against the terms of BA's share offer, which guaranteed that the pension rights of BCal employees would be protected.

BCal staff say a merger of the two funds will result in greatly reduced benefits, and are seeking a continuation of their existing scheme.

BA said last night negotiations were continuing between the two sides with the aim of treating BCall staff "in as fair and equitable manner as possible."

New BT accord on time off for union officials

BY CHARLES LEADBEATER

BRITISH Telecom has reached agreement with its unions over revised arrangements under which union officials are given paid time off for union business, which could save the company several hundred thousand pounds.

BT's arrangements for paid time off for union officials is thought to cost the company more than £2m a year.

The drive to rationalise union facilities is part of BT's attempt to move away from the industrial relations machinery it inherited from the civil service. Some union officials believe it is aimed at fundamentally weakening local union organisation, which depends on officials taking time off which is paid for by the company.

The agreement, reached last week, could significantly affect some union organisation at smaller BT units. However, union officials said it would not affect organisation in larger branches or at national level, where there is an acceptance that union officers need extensive time off.

The revised agreement will have to be ratified by the annual conferences of the National Communications Union, the Union of Communication Workers and the Society of Telecom Executives, the main unions involved. Union officials predicted the agreement would be accepted, in spite of opposition from local activists.

The original union facilities agreement, inherited from the civil service, provided for three categories of paid time off for union officials: full time off, part-paid time off and unpaid leave.

The revised agreement eliminates part-paid time off. However, the unions won the company's agreement that it should bear the cost of 9 per cent of the superannuation payments for union officials taking unpaid leave.

The revised agreement makes it clear that officials will only be given time off for industrial relations matters.

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A realistic health policy

THE THATCHER Government's review of the National Health Service has raised hopes (and fears) of really radical change. The right-of-centre think-tanks are vying with each other to produce the most daring blueprint for reform. This week the Centre for Policy Studies (CPS) suggested the abolition of district and regional authorities and their replacement by competing management units charged with purchasing both primary and secondary care on behalf of consumers.

US ideas

The hive of activity is impressive, but Mr John Moore, the Social Services Secretary, would be wise to keep a grip on reality. A "Big Bang" for health, comparable to that which hit the City a couple of years ago, is not a political possibility. Given the sensitivity of the issues, his approach will have to be evolutionary rather than revolutionary. The question is not what imaginative design an academic can dream up, but what reforms at the margin will be acceptable to public opinion and the medical profession.

Most of the more ambitious schemes have been thrown together far too quickly to carry conviction. It is just not possible to redesign a nation's health system in a matter of days or weeks: the government's secret review body will be hard pressed to come up with sensible ideas by the early autumn. The think-tanks are rushing their analyses in an effort to influence the Government's thinking. They are also relying too heavily on US ideas. American antidotes for the excesses of private medicine do not necessarily have relevance on this side of the Atlantic where the problems and the cultural environment are different.

Take "health maintenance organisations" (HMOs) for example. They were invented as a way of keeping a lid on medical costs: patients pay a fixed sum in advance and so doctors have an incentive not to over-prescribe or sanction unnecessary hospital treatment. These are serious problems in the US, which spends twice as much of GDP on health care as the UK and yet gets less value for money. But in the UK the problem is that cash controls are if anything already too tight; waiting lists are too long and there is not enough treatment. The value of HMOs in the UK needs to be demonstrated, not merely asserted. Sceptics will note that the pioneering HMO set up in Harrow by the co-author of this week's CPS paper was not a financial success; it is now operating as a fee-for-service private practice.

There is also room for doubt about the relevance to the NHS of what are called "internal markets". In US cities there are many small private hospitals that can reap efficiency gains by buying and selling services from each other. Increased trade between hospitals within the NHS can also bring some benefits, but these should not be exaggerated. One problem is that NHS hospitals are large and geographically quite distant. For many patients the local district hospital is the only sensible option. The challenge is to enhance the quality of local facilities: hence the decade-old NHS policy of shifting resources out of the prosperous south east (where the prestigious teaching hospitals are clustered) in order to improve the physical provision of services in the regions.

New capacity

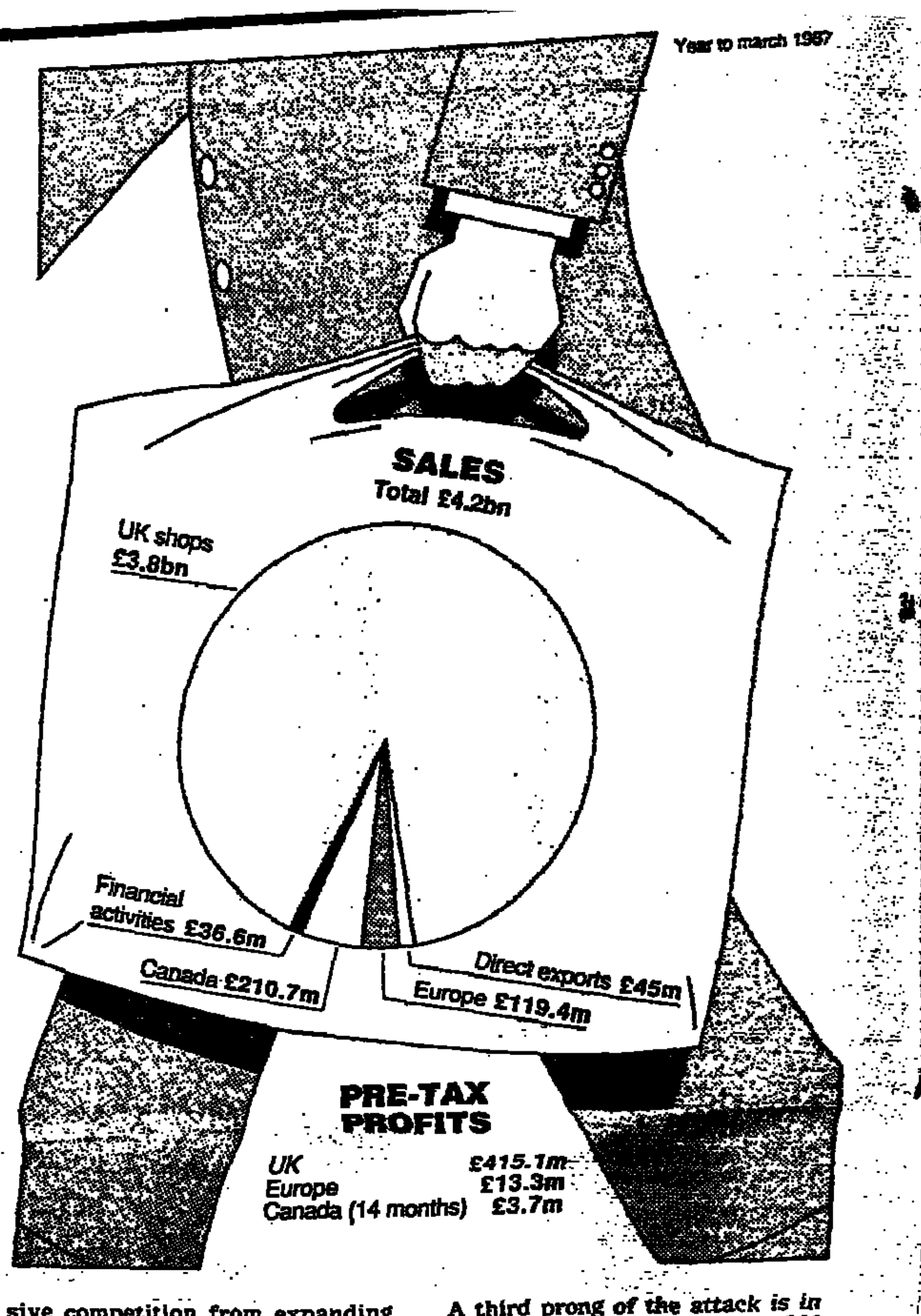
Other problems with internal markets are spelled out by Mr Ray Robinson in a pamphlet for the Institute for Economic Affairs. He argues that they would curtail GPs' right to refer freely: district general managers would make block decisions about where patients should be treated and power of decision-taking would be taken even further away from consumers. He also asks whether the Government could live with the consequences of the policy. Market competition means that successful units expand and unsuccessful ones contract: would Ministers be willing to invest heavily in new capacity in the more profitable regions even though there was much excess capacity elsewhere – and excess capacity moreover near to where many of the patients actually live?

Ideas imported from the US deserve consideration, but should not be regarded as a kind of gospel. There are lessons to be learned from other countries as well. Mr Moore needs to proceed cautiously. The NHS has been restructured three times already since the early 1970s. While there is plenty of scope for improving management and accounting systems, it would be naive to imagine that anybody has yet found the medical equivalent of the philosophers' stone.

The Marks and Spencer offer for Brooks Brothers

A foreign search for growth

By Maggie Urry in London and David Owen in Toronto



MARKS AND SPENCER is Britain's most profitable retailer. That sentence sums up both its achievements and its limitations. It helps to explain what at first sight seems a very uncharacteristic move: a $770m deal, now all but done, to acquire Brooks Brothers, the prestigious US men's store.

The logic goes like this. Britain is a relatively small island with a static population. M and S has a market share in some of its lines which can hardly be increased. Only if it can expand at home and succeed abroad can it continue the growth of the last 100 plus years. The expansion abroad, hitherto discreet, almost imperceptible, is now dramatic.

Lord Rayner, the chairman, who took over from Lord Sieff in 1984, is said by one stockbroking analyst to "want to go down in history as the man who took M and S into the US." M and S first announced its intention to venture into the US in late 1986, initially through a Canadian offshoot. Last April it sent a team over to seek acquisitions.

But the first move overseas began with the opening of St Michael stores in Canada and later a Marks and Spencer store on Paris's Boulevard Haussmann in 1975. Expansion in Canada quickly followed, with the purchase of a 55 per cent stake in Peoples Department Stores of Montreal for C$26.5m. The minority stake was bought out in 1986 for C$111m.

M and S also acquired in 1975 the D'Allaird's chain of women's wear outlets in Canada, and the European M and S operation is gradually opening new stores. Even now, though, Europe and Canada make a small impact on group profits. Going into the US is proof that the long term strategy lies in larger markets.

The M and S board is not yet ready to discuss details of the proposed deal with Brooks Brothers. Its plans for Brooks will not be revealed until the deal goes through. All the City has to go on is a carefully worded statement released on Thursday.

There are fears among UK analysts, used to the old cautious approach, that M and S has dashed into a deal without doing sufficient research. The volume of published information on Brooks Brothers is minimal and, say analysts, M and S itself seems to know very little about its target for a company considering a such a big acquisition. "Has M and S found its Herman's?" questions one analyst, recalling the problems fellow UK retailer Dee Corporation has had with its US diversification.

"Haven't they heard there's been a crash on Wall Street?" questions another. He suggests that since other speciality clothing retailers in the US have had a hard time since the stock market plunge last October, Brooks Brothers may have too. "The historic p/e looks expensive but the prospective could be horrific," he adds.

The same analyst does agree, however, that the long-term strategy of going into the US is sound.

M and S clearly sees the deal as an opportunity not only to expand the Brooks Brothers chain, and to bring to bear its skills in dealing firmly with suppliers, but also to gain sites for other operations. It may want to expand the D'Allaird's chain which has crept over the border from Canada. Perhaps M and S even hopes to pick up some other businesses from Campeau or Federated.

Brooks Brothers would also take M and S further into Japan, through its 12 joint venture shops there. At present M and S exports its St Michael goods to Japan in a deal with the store group Daiei. M and S is also opening shops in Hong Kong, ending an agreement with Dodwell stores to stock the St Michael brand.

M and S is unlikely to change the Brooks Brothers style. There is a world of difference between a Brooks Brothers button-down shirt and an M and S poly-cotton one. But M and S has successfully run two non-M and S chains – D'Allaird's and Peoples in Canada; in principle, therefore, it should be able to run Brooks Brothers too.

The purchase of Brooks Brothers could give M and S the chance to demonstrate how much it has learnt from its early Canadian mistakes. M and S arrived in the country confident that the methods which had been so successful in Britain would work just as well on the other side of the Atlantic. They didn't. Canadian consumers responded neither to the merchandise on offer (75 per cent of which initially was UK-made) nor to the relatively spartan British style of the stores.

In 12 of the 13 years to 1985, the Canadian M and S division lost money, although Peoples and D'Allaird's fared better. Now, having spent heavily to tailor its stores to Canadian tastes and laboured hard to establish reliable domestic sources of supply, the M and S division's performance has finally started to improve.

This has in turn filtered through to the bottom line of the Canadian corporation. It achieved a respectable profit in 1986 (the last before it became wholly owned), and fiscal 1987 showed further progress, according to Mr James McPake, president of the Canadian M and S division.

Mr McPake now describes his charge as "a maturing, profitable division in a corporation with over C$400m in turnover." He adds: "We have learnt a great deal in Canada. Perhaps some of that will be useful in the US."

The move abroad, however dramatic, will fuel worries among investors that M and S is taking its eye off its core business, even though group profits have continued to move upwards in recent years. Not all the criticisms are justified, yet it is fair to say that last year marked a difficult time for M and S's clothing sales: a combination of poor weather and aggressive competition from expanding fashion chains such as Next made for dull sales growth.

That disguises some of the hard work M and S has been doing at home to prolong the life of its UK expansion. The UK chain seemed to be reaching maturity a few years ago: with around 260 stores, most people in the UK could shop at an M and S site. More recently, though, M and S has announced plans to spend over £1bn on new store openings, extensions and modernising older stores.

To fill these larger stores, M and S is expanding its product range. In the same way that food was the fast growing business for M and S in the 1970s and early 1980s, sales of furniture are now building up, although still only displayed in a few dozen stores. A move into mail order is next with a catalogue to be launched on Wednesday.

A third prong of the attack is in financial services. The success of M and S's own chargecard will now lead on to offering cardholders personal loans and other services, if test marketing now under way proves successful.

Yet these are all signs of the maturity of the basic M and S business. As Mr John Richards, stores analyst at broker Wood Mackenzie, part of County NatWest, says: "M and S operates on a 15 to 20 year view and on that timescale it is certainly ex-growth in the UK."

"M and S have the supreme arrogance of thinking they are the best retailers in the world," says one analyst. If the deal to buy Brooks Brothers succeeds, they are going to have to prove it in perhaps the toughest retailing market in the world, one which has defeated many previous attempts by foreigners to enter.

Buying into an American tradition

YOU CAN see the look every Manhattan morning reproduced endlessly up Wall Street and down Broad Street: buttoned-down Oxford shirt, dark brogues, coat not tight, trousers just the right amount too short, a blast of primary colour in tie, braces or socks. It is sober but boyish, what you would expect on men who went to the best East Coast schools and loved it, or want you to think they did. It is the Brooks Brothers look.

The company is 170 years old. Abraham Lincoln was shot in a Brooks Brothers coat. Franklin D. Roosevelt divided up Europe at Yalta in a Brooks Brothers cape. Fred Astaire danced and Clark Gable acted in Brooks Brothers suits. To wear Brooks Brothers is to look as if you have been American and prosperous for generations, which may be why Marks and Spencer, a struggling corporate immigrant in the US, is ready to pay $770m (£437m) to own the business.

If the deal goes through, Marks will get 47 American stores, including Brooks Brothers' 10-story flagship on Madison Avenue and a lunch-hour store on Wall Street. With the stores come manufacturing operations, including tie, shirt and suit factories in the US, and a highly successful 12-shop joint venture in Japan – where the Brooksy look is fashionable among businessmen and officials.

Estimates of Brooks Brothers' revenues vary from $260m to $280m for last year. Profits are harder to judge but they are believed to be high.

Because the chain sells only its own clothes under the famous Brooks Brothers label of a golden fleece, it can charge higher mark-ups than the run of department stores with their mass merchandise.

In 1981, when Allied Stores bought the company along with the Washington-based Garfinckel group, Brooks Brothers was thought to have before-tax profit margins of 18 per cent, more than triple the average even for speciality stores. That margin may have come down as competition in specialty retailing has become tougher, but Brooks Brothers is believed to have earned more than $40m last year. "We are very profitable," says an employee of the chain.

Wall Street and City of London securities analysts say that Marks is paying a high price just for US profits. However, they add that Brooks Brothers has a strong business franchise and is well managed. Campeau, which has without a qualm shuffled off more than half of the department stores it bought with Allied Stores last year, was reluctant to part with Brooks Brothers, according to bankers involved in the deal.

"Brooks Brothers is known for good quality and value," says Mr Jeff Arlen, editor of the trade newspaper Apparel Merchandising. "They are a master of niche merchandising." An executive of a rival department store chain comments: "They are really highly regarded in the industry for consistency and quality."

The challenge for Marks is to protect the distinctive image of Brooks Brothers while expanding the business. Analysts say much will depend on whether the UK company can keep Brooks Brothers' staff. This may not be difficult. Though the New York staff has recently been unsettled by redundancies initiated by Campeau, it has survived two changes of ownership in the past seven years without great ructions. "It won't affect us," says one employee. "We are an American tradition."

James Buchan
in New York

Man in the News

Yitzhak Shamir

Zionist fighter with a stubborn resolve

By Andrew Whitley

AT A TIME when many in Israel are agonising over the occupation of the West Bank and Gaza Strip, and the long-term consequences for the Jewish people of ruling another race, Mr Yitzhak Shamir has no such qualms. As he told a persistent questioner last year: "I don't know what you are talking about. I know nothing about any occupation . . . Who are we occupying? When the Zionist movement launched its activity, we knew there were Arabs in this country. Well, what about it?"

The right-wing Prime Minister says Israel's rule over the territory he calls "Eastern Eretz Israel" (the eastern part of the Biblical Land of Israel) is "what destiny wanted, this is what our history wanted, this is our duty."

Mr Shamir is a man of few words, as Mr George Shultz, the US Secretary of State – now in the midst of what promises to be the Reagan Administration's last effort to resolve the Palestinian question – has come to realise. What words he does utter are usually on subjects dear to his heart, such as his determination to relinquish "not one inch" of the Arab territories captured in 1967, and the supreme cause of Jewish immigration to Israel.

Over the past nine months this former underground fighter has twice successfully sandbagged Mr Shultz, the US official he refers to in public – with good reason – as "Israel's greatest friend". In May last year he managed to block Mr Shultz's planned trip to the Middle East to pursue the peace process before it even began. In October, his clear-cut opposition to the proposal for an international conference – a US initiative espoused with varying enthusiasm by every other party to the dispute – effectively neutered it.

But, as a top Israeli official noted this week, the moment of truth may be approaching. If Mr Shamir does not budge on the central question of territorial concessions – and everything in his 72 years indicates he will not – then Mr Shultz might as well pack his bags and go home. Any shuttling between Jerusalem and various Arab capitals would be a cosmetic exercise.

Yitzhak Shamir came late to the rough-and-tumble world of Israeli politics. He was 50 years old before he teamed up with Mr Menachem Begin, his former comrade from the Jewish underground movement of the British Mandate period. And it is only lately, following Mr Begin's surprise resignation as Prime Minister in 1983, that his successor's political skills have begun to blossom.

There had never been any doubt, however, about Mr Shamir's political leanings. He was born Yitzhak Yzernitzky in a district of Poland now annexed by the Soviet Union. As a young teenager, he was active in a militantly anti-socialist Zionist movement affiliated to the Revisionist movement of Ze'ev Jabotinsky, the hardline Jewish leader.

The qualities which helped Mr Shamir consolidate his position in Israeli politics after becoming Prime Minister by default are those which served him well in his years in the shadowy world of underground warfare: patience, stubborness, unflappable composure under pressure.

His character has been permanently marked by 30 years of cloak-and-dagger life, first with Lehi, an extremist breakaway group from the militant Irgun movement, then in successive jobs with the Mossad secret service, ending as head of its Western European operations. Even his present name was originally an alias from a false identity card.

This diminutive, grandfatherly man has a clear-eyed, baleful view of the outside world. An Israeli journalist once summed it up like this: "He never believes an Arab, any Arab, rarely believes a non-Jew and basically thinks that no news is good news

In 1986, when Foreign Minister, he was confronted with a nasty scandal over the deaths of two young Arab bus hijackers in the custody of the Shin Bet, Mossad's domestic counterpart. He tried strenuously to block a commission of enquiry, saying: "Sometimes I ask myself: Creator of the Universe, is it just because two terrorists have died that we must endanger this most vitally important security tool? There is no need for this."

For Mr Shamir, the Palestine Liberation Organisation is, and always will be, a terrorist organisation dedicated to the extermination of Jews. Yet as operations chief of Lehi, he was personally involved in the murder in Cairo in 1944 of Lord Moyne, the British Minister in the Middle East, and the assassination in Jerusalem in 1948 of Count Folke Bernadotte, the United Nations envoy.

Like many other Israelis of similar political views, Mr Shamir cannot bring himself to accept the legitimacy of the Palestinian case. Indeed, like Mr Begin and Mrs Golda Meir, he refers not to "the Palestinians", but to "the Arabs of Eretz Israel".

He fought against the 1978 Camp David accord which he now defends, in its narrowest possible interpretation, as the only route for peace negotiations with the Arabs. And, when asked today what he will offer King Hussein of Jordan in return for a formal peace treaty, he replies simply: "peace". If that is not enough? He shrugs. Time is on Israel's side; he is not in a rush.

When dealing with outsiders, the Israeli Prime Minister believes that firmness of resolve is of paramount importance. Stick to your guns and keep saying no, and eventually your opponents will either tire and go away or else come to you on your terms. Mr Shultz will have to draw on all the resources at his disposal if he is to achieve a breakthrough.

هكذا من الاصل

Richard Lambert on change at the top of Britain's securities watchdog

The Old Lady's man takes charge

"ANYBODY would be better than Ken." That was the instant reaction of a senior merchant banker yesterday to the news that Sir Kenneth Berrill had lost his battle to be reappointed chairman of the Securities and Investments Board.

The lobbying campaign to have him replaced has been growing in force for many months, led by blue chip City firms and the Bank of England. The appointment of Mr David Walker, an executive director of the Bank of England, will be seen as a victory for the City establishment.

There is no doubt that Sir Kenneth has failed in one important part of his job. He has not won the broad support of market practioners for the complex set of market regulations which are now being put in place across the investment community. Some even claim that confidence in the SIB had fallen so far as to make the system unworkable: a leader in the Financial Times on Thursday arguing that he should be reappointed was, in the view of the same senior banker, absolutely mad.

The question is whether his replacement was made necessary by this lack of support, or whether the SIB has been captured – even before it has been properly established – by the very people it is supposed to be regulating. According to one of Sir Kenneth's supporters, the City will be breathing a collective sigh of relief this weekend. Instead of strict rules about compliance, says this critic, it will be back to the old game of nods and winks.

The central complaint against Sir Kenneth is that he has produced an unwieldy, overcomplicated and excessively legalistic series of rulebooks that will be hugely expensive to operate and that will, by their sheer weight, stifle business development and the growth of innovatory products. Although he has won great loyalty from his staff, he has antagonised people by his personal style – he is not thought to be a good listener and can be brusque – and he is still regarded as an outsider. Although he has been based in the City for seven years, as senior partner of a stockbroking firm before taking over the SIB, most of his working life has been spent as an academic or a public servant.

The argument against all this is that the City has been working itself up into a lather ahead of the introduction of the new rule books, which will prove to be a lot less bureaucratic in practice than they look. This is also the moment when the costs look most burdensome: some of the extra spending on compliance would have been necessary even without the SIB, and the expenses will gradually tail off as a proportion of overheads.

One way or another, a major upheaval of investor protection legislation was inevitable. The existing laws were decades out of date and the City's self regulatory structure had been blown apart by Big Bang.

But whichever way you slice it, the appointment of David Walker – made by Lord Young at the Department of Trade and the Governor of the Bank of England – is a slap in the face for the SIB. And its timing could hardly have been worse, coming when the board is struggling with a mountain of applications from investment firms for authority to conduct business under the new Act.

As one insider put it yesterday, for the next three months the financial services industry will be working on the assumption that the SIB has had its teeth drawn.

That may be a harsh judgement on Mr David Walker, who will take up office on June 1. He has long taken the view that City regulation by law was inevitable: according to Mr Stephen Fay, in his recent study of the Bank*, this was his one area of disagreement with Lord Richardson, the last Governor and his original mentor in the City.

Mr Walker's record at the Bank is that of an interventionist, which counts against him in the view of some bankers and also explains why he is apparently not a favourite at the Treasury, where he worked before joining the Bank. He has been largely responsible for the Bank's attempts to build bridges between industry and the City, and led the charge in the build up to Big Bang.

He has strong views about the responsibilities of institutional investors towards the companies whose shares they hold, arguing that they should not be driven just by short-term price considerations. Only a couple of weeks ago, he was hinting that the Bank would be happy to help investors get together to bring about change in badly run companies. In the context of his new job, he is not someone who is committed to support the judgment of the marketplace, right or wrong.

However, he is a more emollient character than Sir Kenneth, less likely to rock the boat – and more willing to do a deal. That could be either a strength or a weakness at the SIB.

A tall, earnest figure, rather like a bright and efficient head prefect, he has opinions on most things and likes to discuss them, in public speeches as well as in private. At 48, he has for some time been singled out as a possible future Governor, although perhaps not under a Thatcher administration. One view expressed in the Bank was that doing well in a big outside job would give him a good shot at the top job in a few years' time.

Mr Robin Leigh-Pemberton has just been reappointed Governor for a five-year term: Mr Walker's appointment to the SIB is for four-years, and no-one will be allowed to forget his face since he is to remain a non-executive director of the Bank.

It is too soon to judge whether his appointment means that the SIB will be drawn closer to the Bank's bosom in the coming years. Mr Walker is said to be going into purdah until June, so it will be some time before any change in emphasis begins to emerge. His every move will be subject to close scrutiny until it is clear whether he is going to develop the SIB as a strong, independent agency.

"Portrait of an Old Lady; Stephen Fay; London 1987.

Nationalism tugs at the Soviet centre

By Margaret van Hattem

NATIONALIST demonstrations in the Soviet Union – such as those in Armenia and Estonia over the past week, those in the Baltic republics last year and in Kazakhstan in 1986 – inevitably raise questions about the strength of centralised control in the USSR.

Just as Khrushchev's attempts to relax the rigid structure erected by Stalin led to destabilisation in the USSR and its East European satellites, many now wonder whether Mikhail Gorbachev's attempts to introduce more democratic structures and a freer flow of information will prove equally disruptive.

How far the new era of *glasnost* is responsible for encouraging the disaffected to express their grievances more forcefully is not yet clear. Certainly, the sending of four senior officials, including three Politburo members, to placate the Armenians and defuse tensions in the region suggests a new sensitivity in the Kremlin. After all, some of those held responsible for the Alma Ata riots of 1986 were unhesitatingly shot. Perhaps the problem of ethnic differences and aspirations is being identified as the next hurdle on the Soviet Union's road to full development as a 21st-century superpower.

The USSR contains more than 100 different nationalities. According to the 1979 census, Russians still make up nearly 60 per cent of the population of 280m, though the proportion is declining due to falling Russian birth rates and rapidly rising birth rates in the central Asian republics.

The western Slavs of the Ukraine and Byelorussia account for another 20 per cent, but there are also more than five million each of Uzbeks, Kazaks, Tatars and Azerbaijanis, more than three million each of Armenians, Georgians, Moldavians, Tadziks and Lithuanians, not to mention millions of Turkmen Germans, Jews, Latvians, Estonians, Mordovians, Kirghiz, and the members of dozens of Caucasian and central Asian groups.

Each of these groups has its own aspirations, ranging from official recognition of its language to reconstitution as an independent nation state and secession from the union.

The extent to which such aspirations threaten the integrity of the USSR may not become clear for many years. So long as the different nationalities remain as fragmented – culturally, politically and geographically – as they are at present, sporadic outbreaks of urban rioting are generally considered to be well within the state's ability to control.

If, however, nationalist disaffection were to coalesce into a broad anti-Russian movement involving the major Slav groups – the Ukrainians and Byelorussians – then Soviet leaders would be caught in the nightmare that has haunted the Kremlin for the past 70 years.

Since Lenin's time, official Communist Party policy has taken as its goal the merging (*sliyanie*) of the nationalities, as opposed to the free development (*rastsvet*) of national characteristics.

The relaxation of Stalinist controls during the Khrushchev years fostered passionate debate between advocates of these two opposed goals. Khrushchev himself came out in support of merging, causing so much alarm among the non-Russian groups, that the issue remained fudged throughout the Brezhnev years, resurfacing only when Yuri Andropov came to power and at once firmly restated *sliyanie* as the party's goal.

By calling for the next Central Committee plenum to focus on the nationalist issue, Mr Gorbachev appears to be signalling an intention to reopen the debates of the Khrushchev years, though it is not clear why.

If the aim is to restate and clarify *sliyanie*, the resulting anti-Russian sentiment may provoke more demonstrations. If the aim is to democratise the process of resolving what is likely to be one of the Soviet Union's bigger problems over the rest of the century, the result may be the same.

It is hard to see what can be gained by clarifying official policy, particularly when a process of merger seems to be evolving naturally at least among the smaller nationalities, largely through intermarriage. Whereas the 1926 census recorded 194 nationalities, the 1979 figure was 101, in 1926 one family in 40 was the product of a mixed marriage; by 1979 the number had risen sixfold.

Children from a mixed marriage can choose to take on the nationality of either parent, and tend to opt for whichever carries greater opportunities in education and employment in their region, consolidating the strength of majority groups.

The impact of such trends is obviously greater among the smaller national groups, though the scattering of members of the larger groups, such as Ukrainians, over a wide area beyond their own republic can have a similar diffusing effect on resurgent nationalism.

But a number of thorny problems persist and are unlikely to be resolved in the short term by a policy of laisser faire. One is the problem of conscription, where the authorities are anxious to boost the falling proportion of native Russian speakers in the army and to curb the rising proportion of Muslems from the central Asian republics.

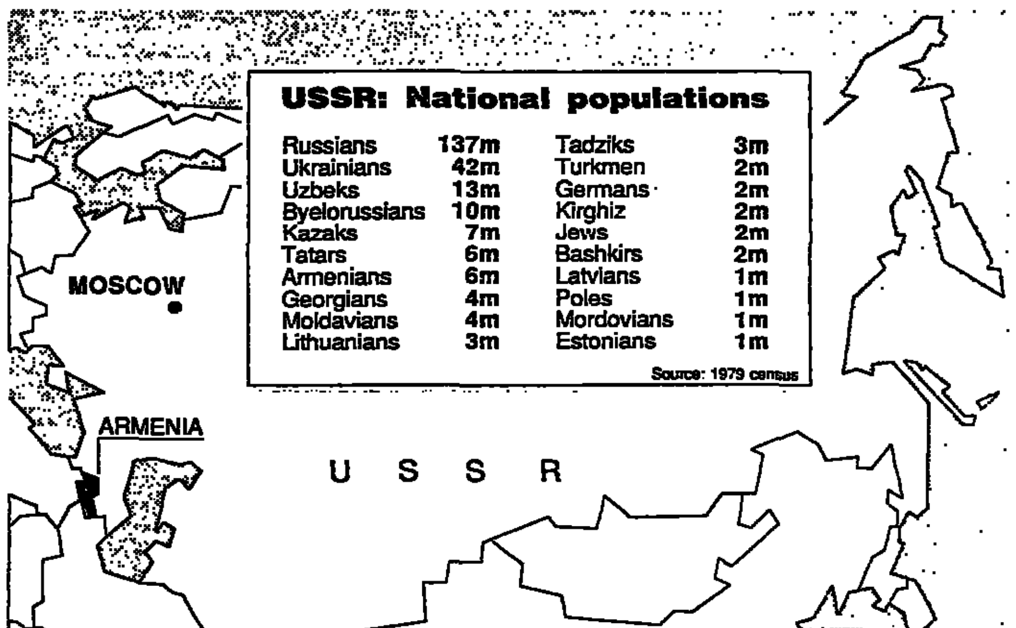
The Crimean Tartars, deported in 1944 by Stalin to Central Asia and the Urals, have been struggling ever since his death to return to their homeland. Talk of *glasnost* has encouraged them to step up their protests and they are unlikely to drop their campaign.

The Baltic states, where strong anti-Russian sentiment persists, cast envious glances towards Scandinavia, wondering what their own industrial performance and standard of living would be but for their membership of the USSR.

And the central Asian republics, which despite injections of funds are still underdeveloped, could, as the Russians fear, become increasingly susceptible to Muslem fundamentalist influences from the South.

The crucial area is the two western Slav republics – the Ukraine and Byelorussia. So long as these two continue as junior partners with the Russian establishment, the sheer weight of such a coalition should be sufficient to squelch any irredentist aspirations among the non-Slavs.

None the less, keeping a lid on nationalist tensions without resort to repressive coercion by the state, is a problem whose solution has eluded all Mr Gorbachev's predecessors. Keeping the lid on while relaxing central control is a much more difficult exercise. He appears to have recognised the scale of the challenge but it is not yet clear whether he is fully aware of the nature of the task he is taking on.



Letters to the Editor

A better way to control credit

From Mrs Ruth Silver.

Sir, An increasing number of straws in the wind seem to forecast a rise in interest rates. I am sure there is a case for damping down consumer credit, but even a large, 3 per cent increase in interest rates is unlikely to have an significant impact on consumers who are used to managing their credit purchases in apparent indifference to charges of 25 per cent or even 30-plus per cent.

Surely a much more accurately targeted change – and one which would have a much greater immediate impact – would be to revert to the old system of controlling repayment terms. For both credit and shop card purchases, and all new consumer hire purchase agreements, higher monthly repayments would be a much greater disincentive to spending than increases in interest charges which can be readily absorbed by the borrower.

This would interfere less with market forces than increasing interest rates so there should be no doctrinaire reason for not re-introducing it. If not, could someone please explain to me why not?

Ruth Silver,
11 Meadway Close,
Hampstead Garden Suburb, NW11

Settlement is too long delayed

From Mr M.A. Groves.

Sir, The economic and finance section of your excellent centenary survey brought back memories of past booms and slumps – especially the Hatry Crisis of 1929. As a then junior clerk I was part of a team at the Royal Exchange which worked to bring about some settlement of the problems of thousands of shareholders swindled by Hatry.

Today the word settlement does not seem to appear – only "buying" and "selling." But what of settlement? How are investors to know that unless they have physical possession of the shares when they wish to *sell*, then they may as well forget about selling?

I am still waiting for delivery of shares I bought and paid for in February 1987. Another purchase, made last August, is not yet fully delivered. If I had wanted to take a profit or cut a loss on either stock by selling, I would not have received my money because I could not deliver the stock.

Today's pressure on the public to buy and sell shares, whether via the stock exchange, banks, or building societies, is open to question. Nowhere have I read: "Buyer Beware" – because you may not get delivery of your shares for many months and therefore cannot sell until you do.

The stock exchange has a surveillance department trying to cope with this problem. It can be of little comfort to the small investor (is £1000 "small"?) who is wooed to purchase shares, told to pay for them on Account Day, and then finds, having been without his money for months, that he cannot get the money back, via a sale, unless he can deliver the shares.

Maurice Groves,
19 College Drive,
Ruislip, Middlesex

LSE shareholdings code of conduct

From Mr I.G. Patel.

Sir, I write on behalf of the London School of Economics and Political Science to correct any misleading impression that may have been given by two recent articles in your newspaper on the School's policy and actions in relation to the issue of divestment and South Africa.

No new and sudden policy decisions have been taken. Like many other public institutions and companies, both here and abroad, the School has adopted a code of conduct on shareholdings in companies which have investment links with South Africa. The establishment of this code of conduct almost a year ago was welcomed by the investments committee and the School as a whole as a rational basis for reaching decisions. The School's code is a little more rigorous than the EC code of conduct. The process of collecting, reviewing and interpreting information, some of which has been obtained from the companies themselves, and establishing clear procedures, has continued over many months, and decisions have been reached in a responsible manner.

A report was made to a committee meeting on February 23 on the outcome to date of that lengthy process, during which decisions have been taken to dispose of some of the School's shareholdings. The great majority of shares in the School's portfolio remain unaffected.

I.G. Patel,
The London School of Economics,
Houghton Street, WC2

The train now standing ...

From Mr M.J. Pritchard.

Sir, The punctuality of the Swiss rail system is legendary. Girls coming from Switzerland to "au pair" in the UK discover to their horror that the train arriving, say, at 10.20 is not necessarily the 10.20.

In their näiveté they board a train, assuming it to be on time, and may be carried a long way from their intended destination. (If they are lucky they have the number of a UK contact whom they can telephone.)

To the Swiss, the suggestion that they should ask first, to make sure the train in the station is the advertised train, would be like suggesting that they should telephone the station from home before leaving to make sure that the station was still there.

We try to explain to newly arrived "au pairs" the risks involved.

M.J. Pritchard,
10 Woodlands Drive,
Beaconsfield, Buckinghamshire

If intended for publication, Letters to the Editor should include, where possible, a daytime telephone number.

'High interest rates are no better remedy for inflation than bloodletting was for fever'

From Mr G.W. Gardiner.

Sir, It is encouraging that readers should be doubting the textbook doctrine about high interest rates controlling inflation. (Letters, February 15, 18, 27). As high interest rates must raise costs the obvious deduction ought to be that they cause it, not cure it.

Standard theory, as repeated in uncountable comments your writers have made, is that high interest rates restrain the propensity to borrow and therefore the money supply, for the granting of loans by banks expands the money supply. The latter proposition is not disputed provided it is understood that as bank balance sheets by definition have to balance, the granting of a loan cannot give rise to a continuing increase in the money supply unless there is also a matching and continuing deposit created. Otherwise a loan granted must result in another being paid off.

Economists have tended to ignore the restraints of double entry bookkeeping, and have failed to observe that for an expansion in the money supply there must not only be an enhanced propensity to borrow, but also an enhanced propensity to make deposits. Rising indebtedness and rising liquidity go together: they are necessary and inescapable companions. One man's wealth is another man's debt.

High interest rates may discourage borrowing, but they also encourage saving, and thereby deposits which must be lent. One would suggest that the discouraging effect of high interest rates on would-be borrowers has long since been nullified by the high pressure marketing of loans by the credit institutions. High interest rates nowadays therefore lead to an increase in borrowing, not a reduction, and the banking statistics themselves surely bear this out.

Once the idea that high interest rates can lead to inflation is accepted as arguable, the effect of the introduction of the classical form of corporation tax in 1965 can be seen as of momentous significance.

This tax discouraged the raising of equity capital and encouraged companies to borrow. Investors were already disillusioned by the effect of inflation on fixed interest stocks and had to be bribed by ever higher interest rates to absorb the loan stock offerings. The UK government found itself needing to raise taxes to cover its own higher interest charges, so it raised the rate of corporation tax.

That made loan capital even more attractive. I remember the consternation when Associated Portland Cement issued a £15m loan stock with the unheard-of coupon of 9 per cent, but I added to the consternation among companions at that time by pointing out that a simple calculation from the average yield on ordinary shares indicated that interest rates on company loans would rise to 14 per cent. Corporation tax began to bite in 1967. In the five years following, inflation almost trebled.

May I recommend that academic economists open their minds and research this hypothesis? I have suggested before that the science of economics is in the state that medicine was in the 18th century. There should be a Nobel prize for someone who can demonstrate that high interest rates are no better a remedy for inflation than bloodletting was for fever.

G.W. Gardiner,
3 Molly Potts Close,
Knutsford, Cheshire

Legislation could ensure that new vehicle registrations match withdrawals

From Mr Brian F. Dixon.

Sir, In 1948 the number of private cars on the roads of the United Kingdom was 1,961,000. By 1968 the figure had increased to 10,825,000, and by 1985 it had reached 16,453,000. Add to these figures all the other licenced vehicles, and the totals become 3,734,000, 14,447,000 and 21,166,000.

During this period of rapid growth in vehicle numbers, UK governments have developed an extensive and excellent motorway system, and important improvements have been carried out to numerous trunk and other classified roads. More will follow. But long distance routes and other traffic arteries do not solve all the traffic problems.

Once these millions of vehicles leave the main routes to reach their destinations, congestion in the approaches to our towns and cities and in the city centres themselves occurs. Traffic becomes hopelessly intermixed with shoppers in our traditional high streets; pedestrian crossings, traffic lights, van deliveries, accidents and even the "hole in the road" bring the relentless flow of traffic to a halt.

Surely we have reached the point where we should consider not only physical remedies in the form of new roads and car parks, but also setting a ceiling on the total number of cars allowed to use our highway system? Having reached a figure of 17m cars, and a total of 22m for all vehicles, that ceiling cannot be far away.

Whatever figure is selected by Government - and I suggest that the Secretary of State for Transport should address his mind to this with some urgency - legislation should be introduced to ensure that new vehicle registrations should match withdrawals. The ceiling figure could be reviewed periodically and as our road system improves (especially in urban areas, in their approaches, and in the provision of car parking spaces), so the total could be increased.

By this means a crude balance would be struck between our highway system and the number of vehicles using it.

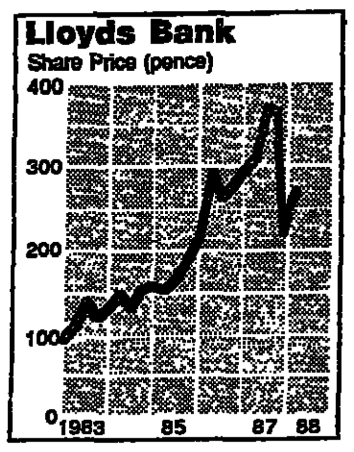
Brian Dixon.
Fairholm,
Well Lane,
Rawdon,
Leeds, Yorkshire

Lloyds provides no extra for Third World debt

BY DAVID LASCELLES, BANKING EDITOR

Lloyds Bank, the last of the four clearing banks to report its 1987 results, incurred a pre-tax loss of £248m, compared to a profit of £700m the year before, because of the impact of Third World lending.

However, the result was slightly better than expected because Lloyds did not make any further additions to its provisions for bad Third World loans in the second half. In the first half it set aside £1.1bn, the largest provision made by any of the clearers.



Lloyds will also be increasing is total dividend by 10 per cent to 13.2p a share. Sir Jeremy Morse, the chairman, commented that 1987 was a year of "mixed fortunes" which had seen a shift towards the more profitable retail business away *from the less profitable corporate side*. But there had been losses in the capital markets business, as well as the heavy burden of provisions.

Lloyds' total exposure to 35 countries *in financial difficulty* is £3.93bn, headed by Brazil with £1.1bn, Mexico with £763m and Argentina with £405m. The provision is equivalent to 34 per cent of the exposure, *which is at the higher end* of the range set by UK banks, and was "fully adequate", Sir Jeremy said. The total includes all Lloyds' short-term lending.

Lloyds' operating profit, before tax and exceptional provisions, was £818m, up 17 per cent from £700m in 1986.

The major contributor was domestic banking where profits were £693m, up 27 per cent on the year. Other geographic regions were Europe, the Middle East and Africa (£60m), North America (£10m), Latin America (£4m loss), Australasia and the Far East (£69m).

Among the principal subsidiaries, Lloyds Bowmaker, the finance house, raised profits to £88m. Black Horse Agencies, the group's estate agency company, made £8m, up from £5m *last year.But Lloyds Merchant* Bank, the newly-formed investment banking arm, lost £28m as a result of losses in the securities trading business which was discontinued halfway through the year.

The results also showed continued strong growth in fee income. This rose to £942m against £797m in 1986. Much of the growth came from bank charges and commissions in the UK, and estate agency and insurance broking fees.

Sir Jeremy Morse (left), chairman, with Brian Pitman, the chief executive: £1.1bn provision largest made by the clearers

The Lloyds group's total balance sheet footings fell to £44.9m (£47.8m) at the end of 1986. This wes due partly to the declining value of dollar denominated assets, caused by the fall of the dollar, and partly to a deliberate policy of shedding low-yielding assets. The reduction means that Lloyds has returned to fourth place among the clearers in balance sheet terms, falling behind the Midland Bank.

The group's loss also weakened the balance sheet. The ratio of equity to assets fell from 5.8 per cent at the end of 1986,to 5.3 per cent. However, this was up from 4.4 per cent at last year's interim stage, and Sir Jeremy said there were no plans to make a rights issue.

See Lex

David Lascelles assesses how the banks have withstood the trials of 1987

Clearers feel full impact of Third World debt

"WE DON'T expect there will *be another year quite like* 1987," said Mr John Quinton, the chairman of Barclays, reflecting on the fortunes of British banks last year.

There had better not be. The 12 months of 1987 played havoc with their results, and forced two of them, Midland and Lloyds, into the first losses ever reported by clearing banks in modern times. Yet the clearers seem to have emerged from *the storm with their standing* relatively unscathed.

This is because much of the damage was caused by two specific and readily identifiable problems - Third World debt, and last October's market crash - rather than by any insidious weakness eating away at the banks' foundations. And since the first of these now seems containable, and the second unlikely to be repeated immediately, bankers have been able to treat them as exceptional.

The total provisions which banks made for doubtful Third World loans last year amounted to £3.4bn, which is almost *exactly what their total profits* for the year would have been. As an average proportion of their exposures, their provisions range from 34 per cent at Lloyds and 33 per cent at NatWest *down to 29 per cent at* Barclays and Midland. But this does not necessarily imply that *the last two banks are less well* covered than the others: the pattern of their exposure may simply be different.

Also, some banks include less in their exposure than others. Barclays, for example, does not count in some £200m of short-term lending. But all the banks claim that their provisions are comfortably within, if not at the upper end of, the "matrix" devised by the Bank *of England as a guide. All the* banks have also heeded the advice of the Governor, Mr Robin Leigh-Pemberton, not to go in for excessive provisions because that could encourage borrowing countries to renege on their debts.

Internationally, these provisions leave UK banks roughly in line with the large US banks, which led the move towards higher provisions last year, though they probably still lag behind some continental banks which have moved to the 50 per cent level.

One factor which helped the banks was the decline in the value of the dollar *last* year.

This reduced the size of their exposure to the Third World in sterling terms. At Midland, for example, total outstandings (which are mostly denominated *in dollars) fell from £5.1bn to* £4.1bn. At Lloyds, a similar fall boosted the size of its provi*sions (which are in sterling)*, relative to the total of its loans, from 30 to 34 per cent, and was one reason why Lloyds did not make additional provisions in the second half of the year.

But though the UK clearers are now more comfortably cushioned against a crisis on the Third World front, they are all taking a tough line against any suggestion that they should write off their debts or ease *pressure on debtor countries to* repay those debts.

Sir Kit McMahon, the chairman of Midland, whose £1.1bn provisions pushed it into a record £505m loss, described forgiveness as "a slippery slope" which banks could never prudently embark on. Sir Jeremy Morse, the chairman of Lloyds, whose £248m loss was reported yesterday, also said banks must not give the impression that debtors do not have to meet their obligations.

Now that the provisions have been made, the attention of the City has shifted to assessing the strength of the clearers in the wake of this action.

NatWest has clearly emerged as the strongest of the four. To start with, it has a lower relative exposure to countries in financial difficulty. And it was *able last year to raise its provi*sions to 33 per cent while simultaneously increasing its dividend by 17 per cent and boosting its reserves (and absorbing a startling £116m loss at County NatWest, its investment banking arm).

Its key ratio of equity to *assets rose to 5.7 per cent*. Midland also managed to boost its ratio to 5.5 per cent, thanks to a £700m rights issue and a £383m capital injection from its new international partner, the Hongkong and Shanghai Bank. But Lloyds' losses caused its ratio to fall from 5.8 to 5.3 per cent, costing it its position as the UK's strongest clearing bank.

Barclays was also hit: its *ratio fell from 4.9 to 4.8 per* cent. Although Mr Quinton said Barclays remained adequately capitalised, there is a now speculation that he will have to raise fresh capital soon. SG Warburg Securities is predicting a rights issue of £600m-£800m later this year.

All the clearers have done their best to portray the body blow of Third World debt as a highly exceptional event. They account for it separately; they *produce estimates of what their* earnings would have been without it; they have not allowed it to interfere with their dividend policy (except for Midland which is not making an increase); and they are even excluding it from their staff profit-sharing calculations.

But all these pretences cannot conceal the fact that Third World debt is finally making its *full impact on the banks, and* has probably set back their growth plans by a couple of years. The positive message, though, is that they are now much better placed to absorb whatever shocks still lie ahead.

THIRD WORLD PROVISIONS

Bank	1987 provisions (£m)	Total provisions as % of exposure
Barclays	713	29*
Lloyds	1066	34
Midland	1016	29
NatWest	610	33

* Third World 35%, other countries 12%

Pearson seeks EC help over Les Echos purchase

By Raymond Snoddy

Pearson, the publishing and industrial group, has asked the European Commission to investigate the French Government's decision to delay the company's acquisition of Les Echos, the French financial daily newspaper.

Pearson, which publishes *the Financial Times*, believes the French action is a clear breach of the Treaty of Rome.

The company agreed to buy Les Echos in January in *a cash and shares* deal worth about £88m. On Monday the French Government announced that it was not allowing the acquisition to go ahead automatically and that the deal would have to be approved by the French Treasury.

Mrs Jacqueline Beytout, the controlling owner of Les Echos, took the paper off the streets for a day in protest at the French Government's action - a move supported by the newspaper's journalists.

Mrs Beytout then launched a public campaign against the decision of Mr Edouard Balladur, the French finance minister, who had questioned whether the Community status of the Pearson group had been "durably established." This was seen as a reference to the fact that Mr Rupert Murdoch, the American-Australian publisher, owns 20.5 per cent of Pearson.

Pearson, in its formal complaint to the Commission, argues that it is a Community company and that therefore any attempts *to block the purchase are in* clear breach of the Treaty of Rome.

The company hopes that the Commission will pronounce quickly on its status as a Community company in advance of any decision whether or not *to* investigate any possible breach of the treaty.

It is believed that Lord Blakenham, chairman and chief executive of Pearson, has written to Mr Balladur offering to provide any evidence he might require to substantiate Pearson's status as a Community company.

The UK publisher says that the French law of August 1986 which prevents non-Community *investors* controlling more than 20 per cent of a French publication does not apply because more than 70 per cent of Pearson's shares are held by Community nationals.

Weak $ and price cutting behind Sedgwick downturn

BY NICK BUNKER

RAMPANT PRICE-cutting by US insurers coupled with a weakening dollar took their toll on **Sedgwick Group**, the biggest London-based insurance broker, and helped cause a 25 per cent drop in last year's pre-tax profits to £101m.

It was the first year-on-year decline in Sedgwick's pre-tax earnings since 1980. It showed that the broking industry has hit a serious cyclical downturn marked by what Mr Carel Mosselmans, Sedgwick's chairman, called "some of the most difficult trading conditions yet experienced" and worsened for British companies by the dollar's fall.

Created from a merger in 1979 between Sedgwick Forbes and Bland Payne, Sedgwick is the world's third biggest insurance broker by stock market capitalisation. Total turnover last year amounted to £650.9m.

Yesterday's figures were better than analysts' gloomiest expectations, and the shares closed up 6p at 215p. The total dividend is unchanged at 12p, despite a 26.4 per cent slump in earnings per share to 16.1p.

Worst-hit last year were pre-tax profits in the US, Sedgwick's biggest source of business, which more than halved from £68m to £33.6m. Fred S. *James, Sedgwick's North Amer*ican retail broking network, suffered falls in its commission income as property/casualty insurers began cutting premium rates by 30 to 50 per cent on the property element of the small or medium-sized commercial risks that make up most of its business.

Mr Niven Duncan, vice-chairman, was sceptical about claims by insurers that the price-cutting was disciplined. "What they say at corporate headquarters can be different from what they say in Boise, Idaho," he said, implying that property/casualty insurance company *senior managements* are often unaware of how much their branch underwriters are cutting prices.

Some premium rates also fell in the UK and in Europe, especially for marine and aviation insurance. In the UK, turnover fell three per cent to £209.8m, while pre-tax profits dropped 16.6 per cent to £48.48m.

Sedgwick was squeezed *by* continued growth in expenses - which rose by an underlying 3.5 per cent - at a time when revenues fell two per cent on the same basis.

It said it had imposed "vigorous expenses controls", and its staff count fell by 280 in the UK during the year, but denied that it was planning big redundancies.

Cost-control measures included the closing of the special dining room reserved for the most senior executives. It plans to save £3m by moving out of two outlying buildings in London and shifting staff to other locations including *its* Whitechapel HQ and big Norwich back-office.

Mr Mosselmans would not be drawn about what its 39 per cent shareholder, Transamerica, a *San Francisco*-based financial services group, might do in the light of Sedgwick's problems.

Transamerica was "very supportive," he said. However, Mr Mosselmans - who will be 59 next month - said he planned to retire at the normal group age of 60.

See Lex

Further salvo in Drayton row

BY NIKKI TAIT

AJS Partners, the New Jersey-based partnership which *holds a 27 per cent stake* in MIM-managed Drayton Japan Investment Trust and is opposing the board's reorganisation scheme, yesterday hit back at the latest circular from *Lord Stevens the Drayton chair*man.

AJS's managing general partner, Mr Andrew Shechtel, argued that the introduction of a "*cash out*" *need not be costly*, citing the recent reconstruction at TR Pacific Basin Investment Trust as a case where this had been successfully incorporated. He also criticised Drayton's argument that the market would not be unduly disturbed if shareholders exited through subsequent share sales and pointed to the list of assumptions underlying the advisers' valuation of the new shares.

With the *extraordinary* general meeting called by AJS to urge a cash exit route on the board *due to take place next* week, shares in the MIM-managed investment trust enjoyed a 23p surge to 898p yesterday. Both MIM and AJS denied any purchases.

- *Proposals for conversion of* the independently-managed General Consolidated Investment Trust into a "split level" trust, with different classes of capital and income shares, was approved by shareholders yesterday.

Owners Abroad drops £1.72m

BY DOMINIQUE JACKSON

Owners Abroad, tour operator and airline seat broker, announced profits, before tax *and after exceptional items, of* £3.46m for the year to end-October 1987.

The financial year-end was changed in 1987 and yesterday's figures compare with £5.18m *pre-tax* profits for the 10 months to end-October 1986.

Operating profit before exceptionals was £7.2m. Exceptionalsamounted to £3.7m.

Earnings per share after exceptionals were 1.75p against 5.52p for the previous 10 months. Turnover reached £154.5m (£136.2).Final dividend was 2.1p compared with 1.5p for the previous 10-month period.

Mr Howard Klein, chairman, said Owners Abroad achieved these profit levels despite a difficult year for the entire British travel industry and an expected loss of £3.58m, due to the April start-up costs for Air 2000, sustained at the interim stage.

Mr Klein said that while Air *2000 had contributed £3m* before tax and start-up costs, Manchester-based Arrowsmith Holidays had lost £400,000.

During the year Owners Abroad acquired a 50 per cent interest in Tjaereborg UK, part of the Danish travel group.

However, Mr Klein said that the UK arm made an as yet unquantified loss during the three months since acquisition and that £900,000 had been provided against this.

The provision was on the list of exceptional items which also included the £72,000 costs for the company's transition from the USM to a full listing.

● comment

The delay in Owners Abroad's announcement - expected last week - led many to suspect that the figures would not be straightforward. Suspicions were confirmed yesterday *by the appendage of* exceptionals, without which results would have matched expectations. The shares gained 2p to 78p. It seems the delay in reporting was caused by last-minute negotiations with the Danish partners in Tjaereborg. The outcome of these was positive, making the company appear cautious in setting aside £900,000 to provide against the UK losses. Although Air 2000 is proving a sound investment, Arrowsmith is not. The northern operator has a chequered history and Owners Abroad has yet to prove that it can rectify this. Current year bookings are ahead and the chairman is optimistic. However, he should keep a close eye on Eagle Trust which now holds a 15 per cent stake. Forecasts are for £9.5m giving a p/e of about 8.

DPCE profits down 18% to £2.1m in opening half

BY FIONA THOMPSON

DPCE Holdings, the computer maintenance operator, saw pre-tax profits fall by 18 per cent to £2.1m for the half year to December 31 1987, compared with £2.55m last year. Earnings per share dropped by 28 per cent from 5.4p to 3.9p.

There was a group profit shortfall of £1m, according to Mr Harvey Tordoff, managing director. The problems centred around the company's Dutch *distribution company*, new start-ups and difficulties in the US operations.

"We anticipated an upturn in Dutch business but this didn't happen," he said. "Half of the 14 jobs there will go."

Start-ups in Canada, Switzerland, Italy, France and Germany resulted in costs £300,000 more than expected. "When we started these companies we expected, quite naively, *to be making a profit quite* quickly. We thought we would find business more quickly than we did," added Mr Tordoff.

The US business showed the greatest shortfall of £500,000. DPCE acquired *two computer* maintenance companies – Systec and Global - in early 1987. "But we had a year of management problems and spent the time putting out fires rather than finding new business. We had zero growth and mounting costs." The US management team has been replaced and 30 jobs are likely to go.

Mr Tordoff was appointed managing director last December following the resignation of Mr David Travers. In predicting that the full year results would be disappointing, he stressed: "We have identified the problems and acted on them. The *future is encouraging. We have* signed a tremendous amount of business in the UK."

Turnover for the six months rose to £24.31m, compared with £18.53m. The UK tax charge was £510,000 (£525,000), and overseas tax *took £246,000 (£477,000)*. An interim dividend of 0.7p was declared.

● comment

These *figures* were worse than the City was expecting, but the shares closed 7p up at 172p. Possibly this includes an element of bid premium as, regardless of recent problems, DPCE's core maintenance business is an extremely good one - the trouble appears to have been one of management. While the company gains points for its openness, it just might take *it longer than it expects to get things back on the road*. However, the problems have been clearly identified and remedial action taken. And the emphasis on maintenance rather than products is clearly the right one. *Pre-tax profits forecasts* for the full year range between £4m and £5m.

Saint-Gobain wins control of TSL

Saint-Gobain, the French glass and construction materials company, has won control of **TSL**, the vitreous silica manufacturer, for which it made a £12.7m bid. Saint-Gobain's subsidiary, Quartz and Silica (UK), has received acceptances for 27 per cent of the shares and has purchased a further 26.8 per cent. The TSL board has unanimously recommended the bid.

Receivers called in as Rotaprint plan fails

BY ANDREW HILL

Rotaprint, manufacturer of printing equipment, called in the receivers yesterday following unsuccessful efforts by the board to attract additional finance to reduce borrowings and sustain the business.

The company will continue to trade while the receivers – Mr Michael Jordan and Mr Chris Hughes of accountants Cork Gully – carry out a review of its operations.

The receivers *intend to sell* the business as a whole, or in its separate activities, as going concerns and the Rotaprint board has already notified them of a number of parties who have expressed an interest.

Rotaprint's shares were suspended on Wednesday at 4p and Mr John Crates – called in as chairman in April 1986 – has been meeting with financiers over the last two days in an attempt to save the London-based company, which employs 500 people. Rotaprint was unavailable for comment yesterday.

In the year to March 29, pre-tax losses at Rotaprint were down from £1.29m to £472,000 and the company hoped it might return to profit with the success of two new offset litho printing machines, introduced last year.

Mr Crates and Mr Charles Howe, deputy chairman, came *from Crystalate, the electronics* group, and immediately sought to increase borrowing powers and reconstruct the group's finances. A rights issue and placing raised £2m. Over the last year the share price rose to 17.5p, despite their attempts to dampen down speculation.

Stat-Plus

Pre-tax profits for **Stat-Plus Group** expanded to £3.73m for 1987.Yesterday the figure was incorrectly reported as £3.37m.

Anglo-Nordic agrees terms

Anglo-Nordic Holdings has agreed the terms of an offer to be made by its controlling shareholder, F.L.Smidth & Co for the 25 per cent share in Anglo-Nordic it does not already own.

Anglo announced pre-tax losses of £4.75m for the nine months to end-December 1987 *against profits of £312,000*.

The directors had decided to recommend that Anglo-Nordic become a wholly-owned subsidiary of F.L.Smidth.

FLS UK, a wholly-owned subsidiary of F.L.Smidth & Co, the Danish engineering group, will pay a total of £7.5m for the outstanding 25 per cent in Anglo-Nordic.

March blames setback on racing car side

BY JOHN GRIFFITHS

March, a motor racing and engineering group which came to the USM last April, blamed a fall in profitability for 1986-87 on a weak dollar and the breaking of its former near-monopoly in supplying $175,000 Indianapolis racing cars.

Pre-tax profit for the year to October 31 fell to £1.5m from £1.65m, *despite* a 13.5 per cent increase in turnover to £13.59m from £11.96m.

However, March said yesterday that Japanese and European-based business, centred on its return to Grand Prix racing last year, remained strong. This, coupled with March's move into new business areas, "should ensure the continued progress of the group", the company said.

These areas comprise consultancy engineering for other, mainly non-racing vehicle producers

Last year, for example, it built and installed its own *£850,000 wind-tunnel. This was* the main factor in an increase in fixed assets to just over £3m (£1.44m) in last year's balance sheet, according to Mr Malcolm Shaw, March's finance director.

Revenue from Indy racing car sales was expected to fall further this year. However, March claimed that it had already reduced its former, almost total dependence on the US for turnover to around 40 per cent and was expecting at least a tripling of its engineering consultancy turnover.

Tax for the year under review accounted for £435,000 (£577,000) leaving earnings at 9.3p (10.1p). A final dividend of 2.52p makes a total of 4.2p.

Hepworth has 45% control of Henderson

Hepworth Ceramic, which raised its cash bid for **Henderson Group** from 345p to 375p a share, yesterday moved closer to *control* of its target.

At mid-afternoon, Hepworth announced that it had agreed to purchase a further 782,440 shares and that certain shareholders, speaking for 2.2 per cent of the equity, had indicated that they intended to accept.

So the purchases give Hepworth a 27 per cent stake and it has already secured irrevocable acceptances in respect of 16 per cent of the equity.

Unigroup records investigated by DTI

BY ANDREW HILL

Unigroup, the beleaguered timber, building and clothing company, has announced that the Department of Trade and *Industry has been authorised to* examine the books and records of the company under section 447 of the Companies Act.

As is usual, the DTI would neither confirm or deny the *investigation*, which is under the general section of the Act.

Unigroup yesterday reported losses before tax of £1.18m for the 14 months to the end of June,1987 against profits of *£584,000* in the year ending April 30, 1986.

Turnover was up to £11.9m (£8.2m) but cost of sales and operating expenses together accounted for £12.8m (£7.4m). Losses per share were 9.24p against earnings of 5.23p in the year 1985/6.

Apart from its trading prob*lems, the company is fighting a* legal battle to recover £1.07m from Dewfield, an unlimited private company from which it bought two subsidiaries in 1985, and an extraordinary *provision has been made* against the possible loss of this sum.

In addition, the Department of Trade and Industry is investigating possible insider dealing *in the shares of Unigroup*.

The company's shares were suspended on October 8 at 173p, pending the outcome of the investigation, but dealings are expected to start again on Monday.

Four days after the suspension, the company's then chairman, Mr Ivor Goodman, *resigned. Mr Goodman is one of* several individuals against whom Unigroup has instituted legal proceedings in connection with the alleged bad debt at Dewfield.

An further extraordinary provision of £334,000 following a review of the value of the group's plant and machinery brings net losses for the 14 month period to £2.6m, against *a £49,000 net loss in the year* to June 1986.

Mr James Malthouse, chairman, attributed the trading loss of £897,000 to the poor performance of three of the group's subsidiaries. One, Master Communications, which distributed fax machines, has already been sold. Loss-making factories at *the two other subsidiaries* - Prestige Doors and Security Shutters - are earmarked for closure.

Despite the recent problems, Mr Malthouse seemed confident *about the future*. Last June Unigroup bought two companies, Golden Pharos, a Malaysian timber manufacturer and supplier, and C.W. Brown, a UK company which manufactures *air curtains under the name* Thermoscreen.

"I do believe there is the core *of* a sound and profitable group within what we have got now," said Mr Malthouse yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
AMS Industries ....fin	1	Apr 25	1	1.5	1.5
DPCE Hldgs ....int	0.7	-	0.58	-	2.18
Leading Leisure.........fin	0.8	June 1	-	1.2	-
Lloyds Bank ....fin	8.6	-	7.83*	13.2	12
March Group § ....fin	2.52	-	-	4.2	-
Owners Abroad ....fin	2.1	Apr.28	1.5☆	2.1	1.5
Ramus Holdings§ ....int	2	May 8	2	-	6.5
Ruo Estates ....fin	4	-	4	7	7
Sedgwick ....fin	8†	Apr 29	8	12	12

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market. ☆For 10 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
215	F.P.	-	248	218	AMI Healthcare 20p	247		u5.0	2.9	1.5	16.8
§72	F.P.	12/2	87	70	Atlantic Securities 5p	87	+2	-	-	-	-
330	120	-	92	61	British Petroleum	61	-3	N12.5	1.5	6.3	13.5
20	F.P.	-	150	131	♦Carron Phoenix 10p	150		R3.5	2.7	3.2	15.6
§130	F.P.	-	148	140	♦Cogymore 5p	141	-2	u2.0	3.0	1.9	17.2
§100	F.P.	-	113	100	♦Hatfield Estates 10p	111		R1.5	10.2	1.9	7.3
52	F.P.	-	68	62	In Shops 5p	66		R1.3	2.6	2.7	16.4
160	F.P.	-	163	154	♦London Forfaiting	155		u6.5	2.3	5.7	9.1
†	F.P.	-	68	27	*Nason Res. IR£0.25	60½	+2	-	-	-	-
§114	F.P.	-	121	115	♦Sykes-Pickavant 10p	116		R8.25	2.0	6.2	10.9
§130	F.P.	-	138	123	TGI Group 1p	133		R4.75	3.0	4.9	9.5
125	F.P.	-	145	123	T.L.P. Europe	142	-1	R4.2	2.3	4.7	10.4
§80	F.P.	-	90	81	♦Titon 5p	85		u2.35	2.7	3.9	13.1
11	F.P.	16/3	23	18	Verson Intl. 10p	18½		u0.33	2.7	2.4	16.6
§80	F.P.	-	81	80	Waverley Min. Fin. 5p	78	-2	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
100	Nil	1/3	4½pm	3pm	Cooper (F.) 6.5p Cnv.Red.Cnv.Ptg.Prf.	3pm	
100	F.P.	-	112p	108p	Evans 6.25p Net Cnv.Cum.Red.Prf.	110	
♦	F.P.	-	133p	113p	Granada 7.5p Cnv.Prf.	133p	-
100	F.P.	15/6	117	107	Grt. Prtland. Est. 9½pc.Cv.Uns.Ln 2002	117	
100	F.P.	-	117	108	Morgan Crucible 7.5pc Net.Cv.Cm.Rd.Pf.	116	-1
100	F.P.	-	105p	102p	Nat. Home Loans 7.5pc Cnv. Pf	105p	
-	F.P.	-	99¾	99⅜	N'wide Anglia 9⅞pc 20.2.89	99⅜	
100	F.P.	-	113	100	Stanley (A.G.) 5.75p Cum.Cnv.Red.Prf.	114	+2
100	F.P.	-	115	110	Whitney 8.76pc. Cv.Cm.Rd.Pf. 2000 £1	115	
-	F.P.	-	134	127	Woolworth 8½pc. Cnv.Uns.Ln. 2000	133	+1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
95	Nil	18/3	13pm	7pm	Aerospace Eng.	7pm	
1	Nil	-	15pm	14½pm	Brewmaker 1p	14½pm	-½
100	Nil	-	3pm	2pm	Cambium Venture Cap.	2pm	
74	Nil	30/3	24½pm	11pm	Howden Group	24p	-½
25	Nil	-	3½pm	1½pm	London Inv. Tst 5p	2pm	
250	Nil	-	70pm	60pm	Press Tools 10p	68pm	+3

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. & Offered to holders of ordinary shares as a rights. † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 25 1988					WEDNESDAY FEBRUARY 24 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (91)	98.37	−1.0	82.65	91.17	4.67	99.40	83.52	92.22	180.81	85.36	108.43
Austria (16)	86.76	−1.1	72.90	76.22	2.75	87.71	73.70	77.01	102.87	84.35	95.73
Belgium (48)	122.48	+0.4	102.91	107.07	4.45	121.94	102.46	106.60	134.89	94.63	108.36
Canada (127)	115.51	+0.4	97.06	105.81	3.08	115.10	96.71	105.48	141.78	98.15	117.82
Denmark (38)	117.42	+0.1	98.66	103.29	2.89	117.35	98.60	103.19	124.83	98.18	112.47
Finland (23)	114.35	−1.0	96.08	98.27	1.90	115.56	97.09	99.28	–	–	–
France (122)	88.72	+1.6	74.55	79.85	3.75	87.30	73.35	78.47	121.82	72.77	110.84
West Germany (94)	77.87	+1.9	65.43	68.68	2.70	76.46	64.24	67.38	104.93	67.78	89.12
Hong Kong (46)	90.18	+1.1	75.77	90.27	4.69	89.18	74.93	89.27	158.68	73.92	111.62
Ireland (14)	114.46	+0.5	96.17	102.59	4.28	113.91	95.71	102.03	160.22	93.50	121.51
Italy (94)	73.26	−1.3	61.56	68.34	2.82	74.23	62.37	69.13	112.11	62.99	97.23
Japan (457)	160.29	+1.2	134.68	130.45	0.54	158.45	133.13	129.00	161.28	100.00	117.88
Malaysia (36)	113.22	−0.3	95.13	112.85	3.31	113.56	95.42	113.19	193.64	93.76	133.48
Mexico (14)	146.94	+1.1	123.46	370.32	0.96	145.38	122.15	366.06	422.59	90.07	134.58
Netherland (37)	102.75	+0.7	86.33	89.29	5.04	102.08	85.77	88.62	131.41	87.70	103.27
New Zealand (24)	66.14	+0.8	55.57	52.93	6.20	65.62	55.13	52.50	138.99	65.62	91.56
Norway (24)	111.57	+0.7	93.74	96.65	3.15	110.80	93.09	95.87	185.01	95.51	114.83
Singapore (26)	103.97	+0.0	87.36	96.48	2.48	103.99	87.38	96.56	174.28	81.21	118.53
South Africa (61)	127.95	+0.0	107.51	75.59	5.53	127.96	107.52	76.36	198.09	100.00	118.12
Spain (43)	135.60	−0.3	113.93	117.36	3.50	135.95	114.23	117.67	168.81	100.00	118.66
Sweden (32)	108.96	+0.7	91.55	96.83	2.79	108.25	90.95	96.39	136.64	88.50	105.53
Switzerland (53)	82.98	+1.1	69.72	71.82	2.35	82.06	68.95	70.94	111.11	73.65	96.81
United Kingdom (327)	130.13	+1.2	109.34	109.34	4.32	128.62	108.07	108.07	162.87	99.65	121.77
USA (585)	106.75	−1.0	89.69	106.75	3.53	107.83	90.60	107.83	137.42	91.21	117.00
Europe (965)	104.48	+1.0	87.79	90.49	3.79	103.46	86.93	89.57	130.02	92.25	108.04
Pacific Basin (680)	155.13	+1.1	130.34	127.37	0.72	153.43	128.92	126.03	158.77	100.00	117.19
Euro–Pacific (1645)	134.88	+1.1	113.33	112.68	1.68	133.46	112.14	111.51	143.65	100.00	113.55
North America (712)	107.21	−0.9	90.08	106.71	3.50	108.21	90.92	107.71	137.55	91.68	117.04
Europe Ex. UK (638)	88.53	+0.8	74.39	78.64	3.32	87.81	73.78	77.93	111.97	78.89	94.82
Pacific Ex. Japan (223)	92.89	−0.1	78.05	87.39	4.62	93.02	78.16	87.56	164.03	82.92	107.44
World Ex. US (1847)	134.16	+1.0	112.72	112.17	1.76	132.78	111.57	111.04	143.38	100.00	113.78
World Ex. UK (2105)	122.92	+0.3	103.28	110.37	2.14	122.59	103.00	110.09	138.82	100.00	114.39
World Ex. So. Af. (2371)	123.52	+0.4	103.78	110.52	2.32	123.08	103.42	110.14	139.47	100.00	115.02
World Ex. Japan (1975)	105.93	−0.2	89.01	99.97	3.66	106.18	89.22	100.20	134.22	92.98	113.69
The World Index (2432)	123.55	+0.4	103.81	110.26	2.34	123.12	103.44	109.89	139.73	100.00	115.04

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,200	Enterprise Oil	1,100	Prudential	1,000
Allied-Lyons	4,000	Fisons	2,600	Racal	1,600
Amstrad	2,350	General Accident	787	Rank Org.	259
Argyll Group	1,000	General Elect.	4,300	RMC	95
Assoc. Brit. Foods	242	Glaxo	3,200	RHM	207
BAA	1,500	Globe Investment	82	Reckitt & Colman	412
BAT	1,100	Granada	1,200	Redland	664
BET	1,900	Grand Met	828	Reed Intl.	352
BICC	305	GUS A	19	Reuters B	896
BOC	1,000	Guardian R.E.	45	RTZ	1,100
BPB Inds	2,400	GKN	2,350	Rolls-Royce	2,400
BTR	1,700	Guinness	781	Rothmans B	94
Barclays	1,650	Hammerson	387	Rowntree	799
Bass	403	Hanson	3,600	Ryl Bank Scotland	650
Beecham	2,200	Hawker Siddeley	113	Royal Insurance	1,200
Blue Arrow	2,200	Hillsdown Holdings	623	STC	1,600
Blue Circle	175	IMI	801	Saatchi & Saatchi	2,800
Boots	1,400	ICI	1,500	Sainsbury	1,150
Brit. Airways	1,600	Jaguar	1,800	Scott & Newcastle	2,200
Brit. Aerospace	466	Ladbroke	900	Sears	1,100
Brit. & Comm.	575	Land Securities	567	Sedgwick	4,000
British Gas	3,350	Laporte	110	Shell Transport	2,300
BP	7,700	Legal & General	2,100	Smith & Nephew	936
Brit. Telecom	5,900	Lloyds Bank	5,000	Standard Chart.	413
Bunzl	279	LASMO	487	Storehouse	639
Burmah Oil	341	Lonrho	3,200	Sun Alliance	146
Burton	238	Lucas	1,000	T & N	352
Cable & Wireless	1,000	MEPC	969	TSB	1,300
Cadbury Schweppes	2,950	Marks & Spencer	4,100	Tarmac	825
Coats Viyella	1,700	Maxwell Comm.	368	Tesco	4,000
Commercial Union	277	Metal Box	432	THORN EMI	330
Cons. Gold	474	Midland Bank	1,500	Trafalgar House	1,000
Cookson	167	NatWest Bank	2,200	Trusthouse Forte	3,700
Courtaulds	715	Next	1,200	Ultramar	3,200
Dalgety	125	Northern Foods	250	Unilever	896
Dee Corporation	4,150	Pearson	217	United Biscuits	334
Dixons Group	733	Pearl Group	25	Wellcome	340
English China Clays	661	P & O	983	Whitbread A	544
		Pilkington	4,400	Woolworth	653
		Plessey	896		

ECONOMIC DIARY

TOMORROW: US Democratic *and Republican caucuses in* Augusta and Maine.

MONDAY: European Community fisheries ministers meet in Brussels. Ministers from the European Community and the countries of Central America will meet in Hamburg. London sterling certificates of deposit (January). Bill turnover statistics (January). *UK banks' assets and* liabilities and the money stock (January). Sterling commercial paper (January). Balance of payments curent account and overseas trade figures (January). San José IVth ministerial conference in Hamburg (until March 1). The Economist/ NEDO conference "Post crash strategies for British *business" at London's Marriott* Hotel.Indian budget. Lord Young, Trade and Industry Secretary, launches "Opportunity in Japan" campaign in London. US agricultural prices (February). Metal Bulletin holds "Third Secondary Aluminium Conference" at Tara Hotel, London W8.

TUESDAY: Welsh hospital staff threaten protest action. Motor show opens in Geneva (until March 2). US presidential primary in Vermont. US leading indicators (January). US construction expenditures (January).

WEDNESDAY: UK official reserves (February). Capital issues and redemptions (February). Overseas travel and tourism (December). Advance energy statistics (January). Peace agreement on Afghanistan expected to be signed in Geneva as UN-sponsored talks resume. Nato summit opens in Brussels (until March 3). National Economic Development Office makes statement on airports report. British Tourist Authority publishes overseas visitors figures. US statistics for manufacturers orders, shipments and inventories (January).

THURSDAY: Independant Broadcasting Authority considers Saudi holding in TVam. Parliamentary elections in Pakistan. First international Arab conference on AIDS in Cairo (until March 5). Confederation of British Industry conference "Lifting the barriers to Europe" at Centre Point, London WC1.

FRIDAY: Housing starts and completions (January). House *renovations (fourth quarter).* Engineering indices of production and orders (December). Scottish Liberal Party annual conference in Perth (until March 5). US employment report (February).

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday February 26 1988						Thu Feb 25	Wed Feb 24	Tue Feb 23	Year ago (approx)	Highs and Lows Index			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (209)	752.79	−0.8	9.65	3.88	13.00	1.64	758.66	746.78	740.96	854.99	1038.07 16/7 /87	618.07 10/11/87	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (30)	999.63	−0.8	9.86	3.77	12.62	0.82	1008.15	987.35	972.70	1027.75	1381.08 16/7 /87	798.03 4 /12/87	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (34)	1583.60	−0.3	9.03	3.37	14.71	1.22	1508.59	1492.84	1486.64	1429.60	1951.50 16/7 /87	1115.39 10/11/87	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (11)	2064.68	−0.5	9.16	4.82	14.13	0.63	2074.28	2067.14	2063.14	2852.87	2733.45 20/7 /87	1661.76 10/11/87	2733.45 20/7 /87	84.71 25/6 /62
5	Electronics (32)	1529.49	−0.7	10.70	3.47	12.19	7.88	1539.75	1517.46	1506.67	1982.65	2236.70 17/7 /87	1375.66 1 /12/87	2236.70 17/7 /87	1229.01 8 /10/85
6	Mechanical Engineering (58)	389.29	−0.6	9.68	4.31	13.01	0.96	391.66	386.58	385.00	475.01	544.57 14/10/87	296.26 10/11/87	544.57 14/10/87	45.43 5 /1 /75
8	Metals and Metal Forming (7)	435.69	−1.1	9.88	3.85	12.21	0.00	440.55	436.89	436.37	441.55	596.67 9 /10/87	348.64 9 /11/87	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (13)	286.22	−1.0	10.59	4.06	10.99	0.00	289.03	283.64	280.97	334.15	411.42 13/10/87	221.69 4 /12/87	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (24)	1269.49	−1.2	8.21	4.09	14.47	2.98	1284.91	1258.86	1248.26	1451.95	1736.80 22/9 /87	1051.78 10/11/87	1736.80 22/9 /87	277.55 15/1 /82
21	CONSUMER GROUP (185)	1037.69	−0.7	8.58	3.55	14.86	2.66	1044.95	1035.18	1033.09	1173.79	1406.32 16/7 /87	919.77 9 /11/87	1406.32 16/7 /87	61.41 13/12/74
22	Brewers and Distillers (21)	1011.16	−0.4	10.96	3.90	11.52	4.24	1015.11	997.61	998.20	1082.47	1269.35 16/7 /87	877.37 9 /11/87	1269.35 16/7 /87	69.47 13/12/74
25	Food Manufacturing (23)	838.57	−0.7	9.18	3.85	14.07	2.30	844.58	835.91	835.37	877.95	1092.25 16/7 /87	726.65 9 /11/87	1092.25 16/7 /87	59.67 11/12/74
26	Food Retailing (16)	2033.27	−0.3	7.91	3.14	17.01	7.15	2038.87	2007.28	2009.10	2139.87	2649.96 16/7 /87	1848.05 10/11/87	2649.96 16/7 /87	54.25 11/12/74
27	Health and Household Products (10)	1830.41	−1.0	6.42	2.50	18.58	0.45	1848.30	1826.81	1825.69	2415.15	2699.85 16/7 /87	1590.82 10/11/87	2699.85 16/7 /87	175.38 28/5 /80
29	Leisure (31)	1212.85	−0.6	7.69	3.89	16.16	8.88	1220.46	1212.83	1208.28	1186.16	1504.79 13/10/87	943.07 9 /11/87	1504.79 13/10/87	54.83 9 /1 /75
31	Packaging & Paper (16)	504.95	−0.6	8.46	3.64	15.54	0.46	508.20	507.45	507.49	603.00	739.48 16/7 /87	427.56 10/11/87	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (16)	3446.69	−0.9	6.60	4.29	19.03	4.11	3476.92	3466.35	3468.04	3570.28	5070.66 5 /10/87	2713.49 2 /1 /87	5070.66 5 /10/87	55.08 6 /1 /75
34	Stores (34)	817.99	−0.9	9.33	3.75	14.38	1.41	825.62	824.18	821.69	974.17	1160.58 29/7 /87	749.46 3 /12/87	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (18)	569.58	−0.6	11.51	4.11	10.05	0.19	572.85	568.12	568.19	679.08	914.52 2 /10/87	515.17 30/11/87	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (93)	879.38	−0.7	10.82	4.26	11.52	1.33	885.33	874.19	875.79	974.49	1192.48 8 /10/87	759.10 10/11/87	1192.48 8 /10/87	58.63 6 /1 /75
41	Agencies (19)	1122.57	−0.7	7.22	2.29	17.86	4.36	1130.15	1104.52	1099.06	1342.05	1795.57 17/7 /87	870.35 4 /12/87	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (20)	1054.33	−0.7	11.37	4.68	10.78	3.51	1062.18	1052.24	1061.43	1283.09	1545.46 5 /10/87	920.61 10/11/87	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1179.04	−1.0	10.04	4.50	11.60	3.14	1190.37	1172.05	1171.53	1254.77	1547.01 8 /10/87	975.19 10/11/87	1547.01 8 /10/87	975.19 10/11/87
45	Shipping and Transport (12)	1841.69	−0.6	9.09	4.46	14.37	0.00	1852.29	1819.79	1812.71	1928.50	2497.85 16/7 /87	1535.32 9 /11/87	2497.85 16/7 /87	90.80 29/6 /62
47	Telephone Networks (2)	953.02	−0.8	11.30	4.44	11.78	0.00	960.37	945.67	949.88	974.79	1274.14 9 /6 /87	813.40 7 /12/87	1274.14 9 /6 /87	517.92 30/11/84
48	Miscellaneous (27)	1151.68	−0.2	13.09	4.12	9.11	0.48	1153.76	1153.44	1151.88	1335.67	1773.70 5 /10/87	1039.40 10/11/87	1773.70 5 /10/87	60.39 6 /7 /75
49	INDUSTRIAL GROUP (487)	932.09	−0.7	9.47	3.83	13.30	2.03	938.74	927.59	925.32	1049.34	1268.86 16/7 /87	804.87 10/11/87	1268.86 16/7 /87	59.01 13/12/74
51	Oil & Gas (13)	1716.60	−1.9	10.09	5.98	12.35	20.44	1750.03	1726.71	1744.18	1618.20	2458.68 16/7 /87	1487.60 2 /12/87	2458.68 16/7 /87	87.23 29/5 /62
59	500 SHARE INDEX (500)	998.67	−0.9	9.56	4.13	13.16	3.59	1007.51	995.34	994.73	1095.97	1369.88 16/7 /87	867.65 10/11/87	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (122)	657.30	−0.3	–	4.92	–	1.61	659.30	655.84	651.65	680.09	896.67 13/10/87	565.33 10/11/87	896.67 13/10/87	56.88 13/12/74
62	Banks (8)	653.95	−0.5	21.26	6.29	5.90	3.97	657.08	654.37	642.72	715.49	898.38 16/7 /87	577.39 4 /11/87	898.38 16/7 /87	62.44 12/12/74
65	Insurance (Life) (8)	975.96	+0.3	–	4.71	–	0.00	973.28	963.50	963.19	988.41	1285.72 9 /10/87	821.55 9 /11/87	1285.72 9 /10/87	44.88 2 /1 /75
66	Insurance (Composite) (7)	520.49	+0.1	–	5.35	–	0.00	520.02	510.48	502.75	564.31	707.58 13/10/87	448.44 1 /12/87	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	882.80	+1.1	13.70	7.30	9.31	1.30	873.16	874.51	877.34	1215.58	1399.56 17/7 /87	709.92 9 /11/87	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (11)	337.64	−0.2	–	4.22	–	0.02	338.21	336.07	336.69	382.06	547.59 12/10/87	306.65 10/12/87	547.59 12/10/87	31.21 7 /1 /75
69	Property (51)	1047.65	−1.3	5.17	2.96	24.71	0.99	1061.12	1057.68	1067.57	877.38	1374.86 16/7 /87	805.82 5 /1 /87	1574.86 16/7 /87	56.01 20/4 /65
70	Other Financial (30)	386.60	+0.7	9.83	4.41	12.83	1.43	383.96	384.27	385.64	427.58	603.48 16/7 /87	339.79 1 /12/87	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (85)	867.60	−0.5	–	2.99	–	2.02	871.85	864.85	864.97	958.57	1207.90 5 /10/87	726.15 10/11/87	1207.90 5 /10/87	71.12 13/12/74
81	Mining Finance (2)	418.01	+0.1	10.88	4.08	10.36	0.00	417.41	418.48	432.29	375.45	727.93 3 /8 /87	336.91 10/11/87	727.93 3 /8 /87	66.31 30/9 /74
91	Overseas Traders (8)	1018.15	−0.3	10.07	5.31	11.77	14.64	1021.14	1012.83	1016.40	886.49	1364.12 13/10/87	778.26 2 /1 /87	1364.12 13/10/87	97.37 6 /1 /75
99	ALL-SHARE INDEX (717)	907.47	−0.8	–	4.22	–	3.11	914.40	904.47	903.74	983.12	1238.57 16/7 /87	784.81 10/11/87	1238.57 16/7 /87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Feb 25	Feb 24	Feb 23	Feb 22	Feb 19	Year ago				
	FT-SE 100 SHARE INDEX ♦	1766.5	−15.9	1782.6	1764.6	1782.4	1768.1	1757.9	1747.2	1729.8	1979.2	2443.4 16/7 /87	1565.2 9 /11/87	2443.4 16/7 /87	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Feb 26	Day's change %	Thu Feb 25	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.85	+0.07	122.76	–	2.00
2	5-15 years	141.78	+0.72	140.77	–	2.14
3	Over 15 years	150.86	−0.15	151.09	–	1.92
4	Irredeemables	166.63	+0.53	165.75	–	1.18
5	All stocks	138.00	+0.39	137.47	–	2.05
	Index-Linked					
6	5 years	124.09	+0.07	124.00	–	0.51
7	Over 5 years	117.21	+0.28	116.88	–	0.67
8	All stocks	117.62	+0.27	117.30	–	0.66
9	Debentures & Loans	117.71	−0.29	118.06	–	1.56
10	Preference	88.13	+0.30	87.86	–	0.53

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 26	Thu Feb 25	Year ago (approx.)	1987/88 High	1987/88 Low
	British Government						
1	Low	5 years	8.80	9.15	8.67	9.92 19/10/87	7.52 11/5 /87
2	Coupons	15 years	9.11	9.47	9.40	10.27 19/10/87	8.53 8 /5 /87
3		25 years	9.02	8.92	9.41	10.08 2 /1 /87	8.55 8 /5 /87
4	Medium	5 years	9.33	9.32	9.75	10.80 2 /1 /87	8.39 8 /5 /87
5	Coupons	15 years	9.31	9.30	9.65	10.51 19/10/87	8.74 8 /5 /87
6		25 years	9.18	9.19	9.57	10.24 19/10/87	8.75 8 /5 /87
7	High	5 years	9.43	9.42	9.80	10.84 2 /1 /87	8.58 8 /5 /87
8	Coupons	15 years	9.46	9.46	9.79	10.67 19/10/87	8.86 8 /5 /87
9		25 years	9.22	9.23	9.55	10.31 19/10/87	8.72 8 /5 /87
10	Irredeemables †		9.13	9.13	9.35	10.30 19/10/87	8.41 9 /11/87
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.54	2.54	2.61	4.03 19/10/87	2.03 20/5 /87
12	Inflation rate 5%	Over 5 yrs.	3.83	3.84	3.38	4.63 19/10/87	3.30 6 /4 /87
13	Inflation rate 10%	5 yrs.	1.55	1.55	0.95	4.14 19/10/87	0.85 24/3 /87
14	Inflation rate 10%	Over 5 yrs.	3.66	3.67	3.22	4.65 19/10/87	3.17 27/3 /87
15	Debs &	5 years	10.90	10.86	10.50	11.86 20/10/87	9.46 12/6 /87
16	Loans	15 years	10.83	10.80	10.58	11.67 20/10/87	9.79 23/3 /87
17		25 years	10.83	10.80	10.58	11.49 20/10/87	9.84 23/3 /87
18	Preference †		10.53	10.56	11.21	11.83 2 /1 /87	10.05 22/6 /87

♦Opening Index 1781.1; 10 am 1772.1; 11 am 1774.4; Noon 1770.6; 1 pm 1769.9; 2 pm 1769.3; 3 pm 1771.3; 3.30 pm 1770.3; 4 pm 1764.6

CONSTITUENT CHANGES: Rank 6¼% pref., Burgess(4), Tricentrol(51) and Britoil(51) have been deleted. Illingworth Morris(35) and T.I.P. Europe(45) have beed inserted. Beazer(C.H.) Hldgs.(3) has changed to Beazer and Tomkins(F.H.)(10) has changed to Tomkins.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Surprise loss found at First Boston

By Anatole Kaletsky in New York

FIRST BOSTON, the prominent Wall Street investment house which has been troubled recently by staff dissension and trading problems, revealed yesterday that a management audit had turned up unanticipated losses of between $10m and $50m in its mortgage-backed securities department.

The firm said Mr Howard Diamond, its chief trader in this market, had resigned. The losses have apparently arisen because large quantities of mortgage-backed securities bought late last year by Mr Diamond had been incorrectly entered in the firm's trading records.

The bonds, which were bought for forward delivery this month, turned out to be different, and less valuable, than those listed in First Boston's books. As a result, the securities will have to be sold for less than originally expected.

The precise losses, if any, will depend on conditions in the mortgage-backed market when the portfolio is liquidated. The mortgage-backed securities that First Boston originally thought had been purchased could have been sold at a profit.

First Boston officials said the discrepancy in the trading records came to light shortly after a new system of trading controls was instituted earlier this year. The tightening of controls was a response to several earlier costly and embarrassing losses.

Sharp reverse at Mazda

MAZDA, the Japanese car maker which has close links with Ford of the US, saw a near-70 per cent fall in group net profits last year to Y4.55bn ($35.4m) from Y14.85bn, writes Stefan Wagstyl in Tokyo. Sales fell 2.1 per cent to Y1,691bn.

The company is more dependent on overseas sales than other top Japanese producers. The results show that Mazda has fallen behind its larger rivals – Toyota, Nissan and Honda – in redirecting efforts to the home market to offset the effect of the strong yen.

Schneider lifts bid for Télémécanique

BY PAUL BETTS IN PARIS

SCHNEIDER, the French industrial group, yesterday increased its hostile bid for control of Télémécanique, the French industrial automation company, raising its offer from FFr3,900 to FFr5,500 a share for 45 per cent of the company.

This tops the friendly FFr4,300 a share bid for 52.4 per cent of the company made by Framatome, the French nuclear power plant builder 40 per cent owned by Compagnie Générale d'Electricité, which has emerged as Télémécanique's "white knight."

The new Schneider bid values the industrial automation company at FFr8.66bn. This is nearly 50 per cent more than the stock market value of the company prior to the start of the bidding war.

Schneider has said it already owns 12.1 per cent of Télémécanique shares but stock market analysts believe the industrial conglomerate now holds about 14 per cent. If successful, Schneider's offer for 45 per cent of Télémécanique's shares would give it majority control of the embattled group.

Télémécanique's management and employees have vigorously fought the Schneider bid and expressed strong support for Framatome. However, under French takeover regulations, Framatome must now increase its bid to at least FFr5,775 a share, or 5 per cent above the latest Schneider offer, to stay in the race.

The takeover contest for Télémécanique is now developing into one of the fiercest and costliest takeover battles in the recent history. The latest Schneider bid values the company at a multiple of 32 times 1987 earnings when the average for the electrical engineering sector is only about 10.

Schneider, which has launched a major redeployment of its industrial operations, is now seeking to build up its activities in the electrical engineering sector by linking its Merlin Gerin subsidiary with Télémécanique.

European boom brings sharp upturn at Iveco

BY JOHN WYLES IN TURIN

LAST YEAR'S boom in European commercial vehicle sales helped to carry the Fiat-controlled Iveco group to a 44.5 per cent increase in net profits, the company's management revealed yesterday.

According to Mr Giorgio Garuzzo, Iveco's managing director, the company's sales in the first two months of this year suggest that there is no flagging of demand in Europe after a rise of 14.9 per cent last year. "If we had the capacity we could have sold another two to three thousand vehicles last year, and we are still struggling to satisfy our dealers," he said yesterday.

Iveco's own figures suggest that the total European commercial vehicle market last year reached 420,000 units, higher than the previous record set in 1979.

Last year's results are the first to consolidate the Iveco-Ford joint venture, established in 1986, which created a unified dealer network in the UK and transferred management of Ford's Langley plant in the UK to Iveco.

Mr Garuzzo said that Iveco-Ford sales accounted for around 10 per cent of the group's total of L6,700bn ($5.36bn). Losses have been reduced to single billions of lire and the company was heading for a return to profits. Overall, Iveco's net profits climbed from L 173bn to L 250bn while, thanks to a capital injection from Fiat, a debt of L850bn was transformed into credits of L130bn.

More than 70 per cent of the group's sales were made in Western Europe where total deliveries of 85,700 represented a 20 per cent share of the market, compared with 16.4 per cent in 1986. Worldwide sales increased by 22.6 per cent from 94,600 to 118,000 units boosted by the Ford link-up.

●Fiat has taken over the 18.5 per cent share held by the state of Minas Gerais in its Brazilian subidiary, **Fiat Automoveis**, Reuter reports from Rome. Fiat said the deal was worth $150m, and that the state had decided "to concentrate its investments in other economic areas." Fiat now holds all shares in the Brazilian subsidiary.

Bull's net profits decline by 6%

By Our Paris Staff

BULL, the French state-controlled computer group, yesterday reported a 6 per cent decline in net profits to FFr225m ($39.2m) for 1987 from FFr271m

The results include Bull's 42.5 per cent share of the earnings of Honeywell Bull, the international computer combine formed by Bull, Honeywell of the US and NEC of Japan.

Mr Francis Lorentz, Bull's president,said Honeywell Bull's net profits last year totalled $17m on sales of $2.06bn. Bull's sales increased by 1.5 per cent to FFr18.1bn from FFr17.8bn.

The lower than expected sales increase largely accounted for the decline in the French group's net earnings. However, Bull's cash-flow rose by 4 per cent to FFr1.8bn last year and investments in research and development increased by 11 per cent to FFr2bn.

In the face of a difficult market environment, Bull reduced its French workforce last year by about 800. However, the workforce outside France increased by about the same amount.

Mr Lorentz said the French group now regarded Europe as its "domestic market." Bull's domestic sales fell by about 1 per cent last year but those outside France rose by 6 per cent.

Lindt plans to raise dividend

LINDT & SPRUENGLI, the Swiss chocolate maker, has increased net profits sharply for 1987 and plans to push up its dividend, writes our Financial Staff.

Profits after tax rose 43 per cent to SFr12m ($8.6m) despite modest growth in sales which improved from SFr707m to SFr731m.

Lindt, one of the most famous names in the Swiss chocolate business, plans to lift its dividend by SFr10 to SFr140 for bearer and registered shares and by SFr1 to SFr14 on participation certificates.

Bridgestone earnings soar 67%

BY STEFAN WAGSTYL IN TOKYO

BRIDGESTONE and Sumitomo Rubber, two of the world's largest tyre companies, yesterday reported annual profit increases of 67 per cent and 82 per cent respectively, as the high yen reduced costs of imported raw materials.

The results illustrate that while the strong yen has dented Japanese exports it has also helped cut import costs to the benefit of companies in heavy industries. Bridgestone, which last week announced plans to buy control of the tyre operations of Firestone of the US, increased pre-tax profits 67 per cent to Y65.7bn ($511.3m) in 1987.

Sales rose just 1.7 per cent to Y557bn, due to impact of the yen on export sales and lower prices for tyres sold to Japanese car makers. However, domestic demand for replacement tyres for trucks and buses was strong.

Bridgestone expects strong performance in the first half of the year, but said it was concerned about the impact of a possible downturn in the US economy later in 1988. The company forecast profits to grow just 0.4 per cent to Y66bn on a 2 per cent increase in sales to Y570bn.

Completion of the Firestone deal is expected to come late in the year and will have little effect on 1988 results.

Sumitomo Rubber, the third largest Japanese tyre company, saw profits rise 82.5 per cent to Y6.8bn last year on a 4.3 per cent gain in sales to Y199bn.

Tyres sales fell slightly but sales of golf balls, sports goods and building materials rose. Tyre profits were boosted substantially by a a fall in raw material costs. In 1988, Sumitomo expects a 3.1 per cent increase in profits on a 2.5 per cent rise in turnover, with tyre sales remaining flat.

Japanese drug groups show strong gains

BY CARLA RAPOPORT AND STEFAN WAGSTYL IN TOKYO

JAPAN'S leading drug companies have been reporting marked increases in profits for last year thanks to brisk sales of drugs developed by the companies' own research facilities.

Yamanouchi Pharmaceutical led the way with parent pre-tax profits up by nearly 50 per cent to Y44bn ($342.4m) on sales up 16.7 per cent to Y164bn. The company said that its new cardiovascular, circulatory and anti-ulcer drugs showed the greatest advances in the year.

Chugai Pharmaceutical recorded a pre-tax profit increase of 15 per cent to Y19bn on sales up 9 per cent to Y119bn. The company pointed to strong sales of its anti-ulcer drug, a new anti-rheumatic product and other products as the major reasons for its advance.

As the prices of drugs in Japan are controlled by the Government, companies make the most profit on the sale of new drugs. Until recent years, many of these drugs had been licensed from foreign drug companies. Over the last decade, however, Japanese companies have become more successful in developing their own products.

In Yamanouchi's case, the sales of its new products more than offset the decline in sales of its older antibioltics which slipped by 7 per cent in the period. Yamanouchi also said yesterday that it expects to boost pre-tax profits and sales by another 10 per cent this year on the strength of new drugs, including a new anti-hypertension product.

Chugai said it expects sales to increase by 7 per cent this year, but predicts stagnant profits in the year because of large increases in R&D expenditures.

Kyowa Hakko Kogyo, a chemicals, drugs and alcohol manufacturer, reported a 26 per cent increase in pre-tax profits to Y17bn due to strong pharmaceuticals sales.

The company, one of the world's largest makers of amino acids, reported a 3.2 per cent increase in sales to Y231bn. Profits in the dominant pharmaceuticals division rose as the launch of new products offset government-imposed price cuts on drugs sold to the public health service.

The group is forecasting sales of Y240bn and pre-tax profits of Y18bn. It says it is expanding research and development, particularly in pharmaceuticals. A new laboratory at Tsukuba, a science city near Tokyo, is due to open at the end of 1988.

Elsewhere in the chemicals industry **Sumitomo Chemical**, one of the largest, raised pre-tax profits 110 per cent to Y25bn. The company said this was thanks to lower prices for crude oil and other raw materials.

Group sales were just 0.2 per cent higher at Y516bn due to lower prices for basic and agricultural chemicals. In 1988, Sumitomo expects continuing brisk demand for petrochemicals – due to strong domestic demand in Japan – and increases in sales of electronic equipment and fine chemicals. The group's target is to raise output of higher-margin fine chemicals to 50 per cent of the company total by 1990.

Sumitomo forecasts profits of Y30bn pre-tax in the current year and sales of Y530bn.

Showa Denko, a chemicals, aluminium and ceramics producer, increased profits by 71.2 per cent to Y15.3bn on sales up 17.7 per cent to Y416bn.

Former chairman sues Rio Algom for dismissal

BY DAVID OWEN IN TORONTO

MR GEORGE ALBINO, former chairman of Rio Algom, the Canadian mining and metals company controlled by Britain's RTZ, is suing his erstwhile employer for C$10m.

The 59-year-old Bostonian, who is also claiming a C$405,000 annual pension from age 60, maintains that he was wrongfully dismissed.

Mr Albino was surprisingly ousted last November to be replaced by Mr Ross Turner, a long-time Rio Algom director. At the time the Toronto-based company announced merely that Mr Albino had "ceased to hold office."

In its statement of defence, Rio claims that Mr Albino directed the company to buy shares held by his wife in Atlas Steels, a Rio subsidiary, to mitigate losses when share prices fell. It also alleges that he profited from insider information on the sale of certain Rio shares.

On the first count, Mr Albino denies taking advantage of his position since the company wanted to buy 1.25m Atlas shares. On the second, he maintains the information on which he traded was well-known in financial circles and that Rio was aware of the transactions in question.

John Fairfax disposes of Macquarie network

BY BRUCE JACQUES IN SYDNEY

JOHN FAIRFAX, the Australian media group where the interest bill is ticking on nearly A$2bn (US$1.44bn) in debt, has announced the first sale in its asset disposal programme, selling the Macquarie radio network for A$100m to a Queensland-based consortium.

The consortium, called Sonance, includes Miss Sally Aw, the Hong Kong publisher, as well as Kern Corporation, a Queensland property developer, and Sir Frank Moore, a Brisbane millionaire.

The deal is expected to be completed by the end of March, and includes a network of eight mainly metropolitan radio stations. The price was regarded by analysts as good and is in line with published expectations of Fairfax executives.

But it compares with a tag of A$120m put on the network when it was nominally sold last year to Mr Robert Holmes à Court, the Perth businessman, in a package which also included the Australian Financial Review, the country's business daily.

It later emerged that terms of that deal allowed Mr Holmes à Court to sell the network back at A$130m, an option which he duly exercised when the Financial Review deal fell through.

WORLD COMMODITIES PRICES

■Week in the Markets

THE PRICE of Brent crude oil continued to weaken this week, to below $15 per barrel level on Thursday, a level which has been considered psychologically significant not only for the Organisation of Petroleum Exporting Countries but also for the US Administration.

Crude prices have been on a bumpy decline since the beginning of the year, when they climbed to $18 per barrel after the December meeting of Opec in Vienna. In the run-up to this meeting the markets had taken a depressed view of the prospects for price stability in early 1988, mainly because of a persistent excess of Opec production compared with demand.

After the meeting, the oil cartel showed signs of greater discipline with its total output falling by an average of about 1.7m barrels per day to around 17m b/d in January. However, most observers believe this cut was largely involuntary: the effect of buyers holding off in the face of firmer prices and the expectation of a future weakening. This month, production volumes have been creeping up again, amid widespread discounting from the "official" prices tied to a reference price of $18 per barrel.

The warm winter in Japan and Europe has left stocks of crude and heating oil comparatively high, while producers, including Saudi Arabia, have also been pumping oil into floating storage near to end markets. Many analysts believe this underlying weakness will continue for some time, with a further collapse in prices not ruled out, though some are hopeful that increasing demand for gasoline as spring approaches will bring relief to the market.

General pessimism is moderated, however, by growing belief that a $15 barrel of oil, particularly in a world where the dollar has fallen, could re-ignite the arguments for an oil import tax into the US, while at the same time increasing the political pressure on Opec countries to observe their agreed production quotas.

On the London Metal Exchange the growing tightness in the nickel market finally boiled over this week, forcing the exchange's board to take action.

The disappearance of the last few tonnes of available supplies prompted a $1,385 a tonne upsurge to $10,625 (equivalent to $4.82 a lb) on Thursday. Yesterday, after a bid of $15,000 a tonne failed to find any takers, the LME halted trading in the afternoon.

It fixed a settlement price for next Tuesday of $10,820 a tonne and limited the cash premium to $150 a day until further notice. When trading resumed the cash price settled back to $11,500 a tonne, up $2,670 on the week.

Supply tightness also remained the overriding factor in the aluminium market, where the high grade cash position climbed another $95 to an 8-year high of $2,365 a tonne. The gain took the aluminium price into the unusual position of being higher than copper, which continued its retreat from recent highs. The cash grade A copper price ended £105 down on the week at £1,207.50 a tonne.

As cocoa producers and consumers prepared for next week's crisis talks in London on the International Cocoa Agreement's price support regime, prices sank to the lowest levels for more than five years. The May futures position fell £57 on the week to £1,010 a tonne.

Gold prices came under pressure during the week, touching the lowest level since April 9 at yesterday's London bullion market fix. The fall was attributed partly to the US Commerce Secretary's remark that he expects to see a lower US trade deficit this year. The medium to long term outlook remained bearish, dealers said.

BY MAX WILKINSON AND RICHARD MOONEY

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1987/88	Low 1987/88
Gold per troy oz.	$432.00	-9.00	$405.50	$499.50	$390.25
Silver per troy oz	350.70p	-12.75	354.10p	653.60p	344.40p
Aluminium 99.7% (cash)	$2345	+75.00			
Copper Grade A (cash)	£1207.50	-105.00	£913.50	£1707.50	£870.25
Lead(cash)	£370.50	+1.00	£292.50	£445.00	£288.75
Nickel (cash)	$11500	+2670	£2455.00	$11500.00	$3424.50
Zinc (cash)	£503.50	+2.00	£475.00	£567.00	£441.50
Tin (cash)	£3887.50	+10.00	£4365.00	£4625	£3750
Cocoa Futures (May)	*£1010*	*-57.00*	*£1333.00*	*£1439.50*	*£1010.00*
Coffee Futures (May)	£1258	-38.00	£1556.50	£1655.50	£1187.00
Sugar (LDP Raw)	$204.60w	-24.40	$191.50	$265.40	$139.50
Barley Futures (May)	£106.65	+0.75	£116.00	£118.55	£95.30
Wheat Futures (May)	£107.90	+1.00	£118.70	£125.50	£98.75
Cotton Outlook A Index	66.35c	-1.45	64.65c	87.80c	62.65c
Wool (64s Super)	578p		427p	580p	416p
Rubber (Spot)	63.25p	+0.50	61.50p	71.50c	59.50c
Oil (Brent Blend)	$14.725z	-0.925	$16.15	$20.725	$14.725

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents/lb w-Mar/Apr, z-Mar.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.10-4.20y	-0.20
Brent Blend	$14.65-4.80z	-0.20
W.T.I.(1 pm est)	$15.90-5.95y	-0.075

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$173-175	-0.50
Gas Oil (Soviet)	$127-129	-3.00
Heavy Fuel Oil	$68-70	-1.50
Naphtha	$145-148	-2.00

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$432.00	+1.25
Silver (per troy oz)♣	622c	+6.00
Platinum (per troy oz)	$456.25	+3.75
Palladium (per troy oz)	$118.75	+1.00
Aluminium (free market)	$2345	+10
Copper (US Producer)	103¾-05¾c	+1.75
Lead (US Producer)	35.50c	
Nickel (free market)	Unq	
Tin (European free market)	£3887.50	+2.50
Tin (Kuala Lumpur market)	17.40r	
Tin (New York)	318.75c	+0.75
Zinc (Euro. Prod. Price)	$890	
Zinc (US Prime Western)	45.375c	
Cattle (live weight)†	-	
Sheep (dead weight)†	-	
Pigs (live weight)†	-	
London daily sugar (raw)	$204.60x	-9.60
London daily sugar (white)	$222.00x	-5.00
Tate and Lyle export price	£222.00	-6.00
Barley (English feed)	£107.50	
Maize (US No. 3 yellow)	£132.00	
Wheat (US Dark Northern)	£99.00z	-0.50
Rubber (spot)♥	63.25p	
Rubber (Apr) ♥	67.00p	-0.25
Rubber (May) ♥	67.00p	
Rubber (KL RSS No 1 Mar)	284.50m	+1.00
Coconut oil (Philippines)§	$545.00s	
Palm Oil (Malaysian)§	$382.50s	
Copra (Philippines)§	$360.00w	
Soyabeans (US)	£158.00	
Cotton "A" index	66.35c	
Wooltops (64s Super)	578p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/May. x-Mar/Apr. y-Apr t-Apr/Jun. s-May/Jun.† Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	982	1006	1014	981
May	1010	1030	1038	1005
Jly	1029	1050	1058	1027
Sep	1052	1070	1077	1049
Dec	1079	1096	1102	1078
Mar	1108	1121	1128	1104
May	1122	1141	1147	1129

Turnover:6720 (6099) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for February 26: 1278.94 (1303.46) .10 day average for February 27: 1324.60 (1328.91).

COFFEE £/tonne

	Close	Previous	High/Low	
Mar	1226	1233	1238	1223
May	1258	1261	1266	1250
Jly	1279	1282	1290	1270
Sep	1299	1308	1309	1292
Nov	1324	1333	1332	1320
Jan	1349	1355	1355	1345
Mar	1368	1380	1365	

Turnover: 5315 (4633) lots of 5 tonnes
ICO indicator prices (US cents per pound) for February 25: Comp. daily 1979 122.40 (124.35); 15 day average 121.57 (121.23).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	170.80	174.00	174.00	167.00
May	176.00	176.00	177.00	169.40
Aug	176.00	174.60	176.00	170.60
Oct	175.60	174.80	176.00	170.60
Dec	176.00	174.20	174.00	173.00
Mar	178.80	176.20	177.00	173.00
May	181.00	179.00	178.00	
White	**Close**	**Previous**	**High/Low**	
May	221.00	220.00	221.00	215.00
Aug	222.00	222.20	222.00	216.50
Oct	222.00	221.50	222.00	216.00
Dec	222.00	223.00	219.00	218.00
Mar	223.00	229.50	222.00	219.50
May	224.40	231.00	223.40	

Turnover: Raw 12760 (10149) lots of 50 tonnes; White 905 (1045) .
Paris- White (FFr per tonne): May 1254, Aug 1270, Oct 1250, Dec 1275, Mar 1295, May 1305

GAS OIL $/tonne

	Close	Previous	High/Low	
Mar	128.00	129.75	129.00	126.75
Apr	127.75	129.75	128.75	126.75
May	127.00	129.25	128.00	126.25
Jun	128.50	129.75	129.50	127.75
Jul	128.50	130.25	130.25	128.50

Turnover: 6597 (6982) lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 500 tonne
Cash	2360-70	2310-25	2340	2340-50		
3 months	2200-20	2180-200		2180-200		3,443 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 21,575 tonne
Cash	1328032	1300-5	1305	1308-10		
3 months	1230-1	1218-20	1230/1214	1219-21	1225-6	45,927 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,425 tonne
Cash	1205-10	1261-3	1221/1220	1220-1		
3 months	1157-8	1190-1	1174/1159	1164-5	1159-60	70,581 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1170-80	1220-30		1170-90		
3 months	1130-40	1160-70	-	1130-40		31 lots
Silver (US cents/fine ounce)						Ring turnover 40,000 ozs
Cash	614-7	612-5		618-21		
3 months	624-7	622-5	631	629-31	627-30	581 lots
Lead (£ per tonne)						Ring turnover 11,225 tonne
Cash	370-1	378-80	370/369	369-9.5		
3 months	348-9	347-8	349.5/347	348-9	348-9	10,406 lots
Nickel ($ per tonne)						Ring turnover 1,746 tonne
Cash	11000-12000	10600-50	11500/10000	Suspended		
3 months	8600-50	8570-80	8840/8570	8600-20	8860-70	9,650 lots
Zinc (£ per tonne)						Ring turnover 7,425 tonne
Cash	503-4	493.5-4.5	503	503-3.5		
3 months	504-5	498-9	505/504	505.5-6	504-5	11,773 lots

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls Mar	Calls May	Puts Mar	Puts May
Strike price $ tonne				
2100	243	212	1	88
2250	96	135	3	159
2400	9	81	68	253
Aluminium (99.5%)				
2050	267	208	1	81
2200	119	130	3	151
2350	18	76	51	245
Copper (Grade A)				
2000	123	180	6	125
2150	27	115	60	207
2300	2	89	184	310

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	431¾-432¾	243½-244
Opening	434½-435	245-245½
Morning fix	432.65	244.269
Afternoon fix	430.45	243.005
Day's high	434½-435	
Day's low	429¾-430¼	
Coins	**$ price**	**£ equivalent**
US Eagle	444-449	250-253
Mapleleaf	444-449	250-253
Britannia	444-449	250-253
Krugerrand	430½-433½	242½-244½
1/2 Krug	225-234	127-132
1/4 Krug	111-119	62½-67
Angel	445-450	251-253¾
1/10 Angel	44-49	24¾-27½
New Sov.	101½-102½	57¼-58
Old Sov.	101½-103	57¼-58¼
Noble Plat	469½-475	265-268

Silver fix	p/fine oz	US cts equiv
Spot	350.35	620.50
3 months	358.35	630.90
6 months	366.90	642.05
12 months	384.25	665.15

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	104.75	104.75	104.75	104.10
May	107.90	107.85	107.90	107.20
Jly	110.90	110.60	110.90	110.25
Sep	101.50	101.60	101.50	
Nov	103.40	103.50	103.40	
Jan	105.85	105.75	105.85	105.70
Mar	108.00	108.00	108.00	
Barley	**Close**	**Previous**	**High/Low**	
Mar	104.20	104.35	104.20	
May	106.65	106.85	106.65	106.50
Sep	97.80	97.80	97.80	
Nov	100.40	100.40	100.40	
Jan	102.40	102.40	102.40	
Mar	104.75	104.75	104.75	

Turnover: Wheat 151 (261) , Barley 48 (88) lots of 100 tonnes.

POTATOES £/tonne

	Close	Previous	High/Low	
Mar	81.00	81.00	81.00	
Apr	144.00	140.60	144.30	141.50
May	159.30	156.00	159.30	157.00
Nov	92.80	94.00	94.00	
Feb	104.00	104.00		
Apr	141.50	142.00	142.00	141.70

Turnover: 626 (136) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	128.70	128.90	128.80	128.50
Jun	125.00	125.00		
Aug	124.00	123.70	123.80	123.00
Oct	125.30	125.50		
Dec	128.50	126.00		

Turnover: 527 (225) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Apr	1572.0	1575.0	1575.0	1571.0
Jly	1406.0	1416.0	1417.5	1406.0
Oct	1415.0	1426.0	1425.0	1414.0
Jan	1400.0	1410.0	1400.0	1398.0
BFI	1562.0	1560.5	1562.0	

Turnover: 353 (258)

US MARKETS

COPPER FELL SHARPLY as trade and overseas selling touched off sizable commission house stops in a move reflecting continuing bearish near-term fundamentals and in advance of first notice day on Monday of the March contract, reports Drexel Burnham Lambert. Silver fell on a combination of trade selling and switch activity as March positions were liquidated, gold was quiet, but fell on early trade pressure while platinum, after following gold, saw further late selling from the trade. Energy futures eased initially on follow-through selling, but recovered on pre-weekend short-covering and profittaking. Coffee was on the defensive for most of the day with trade and arbitrage selling reflecting origin sales. Sugar eased on commision house and trade selling but closed with pared losses on profittaking. Cocoa was also weak with trade selling reflecting bearish fundamentals, a possibility that a major London house would revise its current crop surplus estimate upwards and in advance of monday's I.C.C.O. meeting. Cattle futures closed mixed with late local short-covering erasing earlier losses. Hogs closed higher on better-than-expected short-term fundamentals while bellies closed lower in response to cash prices.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	429.6	433.2	0	0
Apr	431.1	434.7	434.9	430.2
Jun	435.1	438.8	439.4	434.3
Aug	439.4	443.2	442.2	438.5
Oct	443.9	447.8	446.8	443.5
Dec	448.3	452.3	452.5	447.0
Feb	452.9	457.0	455.0	455.0
Apr	457.8	462.0	460.0	460.0
Jun	462.9	467.2	466.1	466.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	449.7	452.2	0	0
Apr	450.0	452.5	455.0	448.5
Jul	454.0	457.0	459.5	454.5
Oct	459.5	462.5	464.0	459.5
Jan	465.0	468.0	470.0	470.0
Apr	471.5	474.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	615.5	624.5	623.0	615.0
Apr	619.6	628.6	0	0
May	623.5	632.5	631.0	623.0
Jul	631.2	640.2	639.0	631.0
Sep	638.7	647.7	646.0	640.0
Dec	651.0	660.0	658.0	651.0
Jan	654.6	663.6	0	0
Mar	663.5	672.5	668.0	666.0
May	672.3	681.3	678.0	678.0
Jul	681.8	690.8	690.0	690.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	87.50	94.60	94.30	86.50
Apr	86.00	92.80	0	0
May	84.70	90.80	89.80	84.30
Jul	83.00	88.55	87.50	82.50
Sep	81.50	86.40	85.50	81.00
Dec	80.00	84.30	83.00	79.50
Jan	79.80	84.00	0	0
Mar	79.50	83.60	82.20	81.00
May	79.50	83.60	0	0
Jul	79.50	83.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Apr	15.87	15.92	16.01	15.70
May	15.80	15.81	15.90	15.66
Jun	15.75	15.76	15.84	15.60
Jul	15.69	15.71	15.78	15.55
Aug	15.61	15.66	15.69	15.50
Sep	15.61	15.61	15.63	15.50
Oct	15.60	15.56	15.65	15.50
Nov	15.60	15.51	15.60	15.52
Dec	15.55	15.46	15.60	15.50
Jan	15.60	15.41	15.60	15.56

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Mar	45.80	45.22	46.15	44.75
Apr	43.60	43.52	43.90	43.15
May	42.45	42.47	42.70	42.10
Jun	41.90	41.87	42.15	41.35
Jul	41.75	41.72	42.00	41.20
Aug	42.60	42.22	42.60	41.95
Sep	43.00	42.92	43.20	43.00
Oct	43.90	43.62	44.00	43.70
Nov	44.90	44.32	44.90	44.60
Dec	45.60	45.02	45.60	45.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1609	1648	1650	1605
May	1642	1686	1690	1637
Jul	1674	1719	1723	1672
Sep	1705	1749	1755	1702
Dec	1741	1786	1786	1738
Mar	1773	1818	1811	1773
May	1799	1840	1800	1795

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	137.14	138.29	139.20	137.00
May	138.27	140.27	140.50	138.00
Jul	139.78	142.04	142.00	139.75
Sep	141.71	143.75	143.40	141.65
Dec	143.84	145.79	145.25	143.80
Mar	145.30	146.51	146.25	145.15
May	145.50	147.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	7.64	7.80	7.88	7.56
May	7.74	7.82	7.77	7.52
Jul	7.73	7.72	7.75	7.50
Oct	7.75	7.72	7.76	7.53
Jan	7.88	7.68	0	0
Mar	7.93	7.81	7.94	7.66
May	8.06	7.95	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	60.32	59.35	60.40	59.80
May	60.94	60.50	61.25	60.62
Jul	60.64	60.40	61.05	60.35
Oct	58.80	58.35	58.95	58.60
Dec	57.45	57.15	57.71	57.30
Mar	58.30	58.10	58.44	58.40
May	58.75	58.47	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	167.95	169.25	170.25	167.90
May	161.30	161.50	163.10	160.70
Jul	158.30	158.85	159.60	157.75
Sep	156.60	157.25	157.50	156.50
Nov	155.35	154.60	156.90	155.80
Jan	153.90	152.90	154.90	154.20
Mar	153.90	152.90	0	0
May	153.90	152.90	0	0
Jul	153.90	152.90	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 25	Feb 24	mnth ago	yr ago
1757.2	1757.8	1756.5	1583.5

DOW JONES (Base: December 31 1974 = 100)

Spot	127.76	127.74	131.96	114.51
Futures	131.99	132.40	133.73	115.75

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	825/4	821/0	827/0	817/4
May	834/0	828/2	834/4	825/0
Jul	841/4	835/6	842/0	833/0
Aug	842/0	832/0	842/0	836/0
Sep	840/6	837/0	841/0	837/4
Nov	849/6	846/6	850/0	843/0
Jan	857/2	853/4	857/4	853/0
Mar	864/4	861/4	0	0
May	868/4	865/4	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.86	20.62	20.82	20.59
May	21.07	21.00	21.20	20.93
Jul	21.39	21.34	21.50	21.22
Aug	21.42	21.35	21.60	21.35
Sep	21.50	21.40	21.65	21.50
Oct	21.55	21.45	21.65	21.55
Dec	21.66	21.55	21.80	21.52
Jan	21.70	21.60	21.85	21.70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	186.1	185.1	186.2	183.5
May	185.8	184.1	186.0	183.2
Jul	185.8	184.3	186.0	183.0
Aug	186.3	185.0	186.0	184.0
Sep	187.2	186.2	187.5	185.1
Oct	188.0	187.0	188.5	186.5
Dec	189.7	189.1	190.0	189.0
Jan	190.2	190.0	190.5	190.0
Mar	191.5	191.5	192.0	190.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	200/6	198/4	201/0	198/6
May	206/4	205/0	207/0	204/4
Jul	210/6	209/4	211/0	209/0
Sep	213/0	212/4	214/0	212/2
Dec	217/4	217/0	218/0	216/4
Mar	224/4	224/0	224/6	224/0
May	228/0	227/4	228/4	228/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	315/2	317/6	318/2	314/2
May	324/6	325/6	326/4	323/4
Jul	329/2	329/6	330/6	328/2
Sep	333/4	334/4	335/4	333/4
Dec	345/2	346/4	346/4	344/2
Mar	349/4	350/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	72.56	72.40	72.75	71.85
Jun	69.52	69.62	69.87	69.05
Aug	67.15	67.25	67.55	66.80
Oct	65.77	65.82	66.17	65.50
Dec	66.20	66.25	66.60	66.10
Feb	65.90	66.00	66.50	65.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	44.30	44.12	44.47	43.95
Jun	47.72	47.42	47.80	47.27
Jul	47.30	47.12	47.37	46.90
Aug	45.85	45.92	46.25	45.77
Oct	42.10	42.35	42.27	42.10
Dec	42.85	42.80	42.77	42.35
Feb	43.20	43.10	43.20	0

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	52.10	52.57	52.75	51.80
May	53.87	54.10	54.35	53.30
Jul	54.57	54.70	55.30	54.87
Aug	53.35	53.52	53.95	53.20
Feb	56.50	56.60	56.55	56.05
Mar	55.25	55.25	0	0

WORLD STOCK MARKETS

NEW YORK (3 pm)

[illegible]

Wall Street

Regretful investors in quiet trade

No news emerged to stir the market, so stocks were virtually unchanged after moving narrowly around the day before's closing. Investors were disappointed that the market had not closed on Thursday at its highest level since the crash.

The Dow was almost unchanged.

Atlas gained \$4¼ to \$37¼. Tweedy Browne, which leads a group holding 20 per cent of Atlas, said it would seek a buyer for its stake if that purchaser would bid for the whole company. Tweedy Browne said it was trying to sell its shares above the market price.

Canada

Energy and gold issues put pressure on the market causing Toronto share prices to move slightly lower.

The composite index lost 1 point to 3,169.30 as declines outnumbered advances 327 to 246 on moderate turnover of 9.6m shares.

Inco was the most active industrial, rising C\$⅞ to C\$29. Among other actives, Falconbridge rose C\$¼ to C\$21⅝ and Canadian Pacific was up C\$⅛ to C\$23⅛.

Gold issues were lower, with Lac Minerals trimming C\$⅛ to C\$11⅞, International Corona dropping C\$¼ to C\$7⅜ and Placer Dome unchanged at C\$14⅜.

Among energy issues, Texaco Canada was off C\$⅛ to C\$31⅛, Shell Canada fell C\$¼ to C\$37¾ and Imperial Oil was unchanged at C\$57⅝.

Major Canadian banks were mixed. Royal Bank lost C\$⅛ to C\$27½, Bank of Montreal advanced C\$⅛ to C\$25⅞ and Bank of Nova Scotia dropped C\$⅛ to C\$12⅝.

North American closing prices were unavailable for this edition

Tokyo

For the 12th consecutive session share prices closed up in robust trade, on buying prompted by dollar stability, good domestic economic growth and promising company profits.

Rises matched falls in volume of 1.3bn shares against Thursday's 900m. Bullish sentiment overcame a morning bout of profit-taking which sent the index to a low of 25,019.69.

Electronics shares rose because their prices looked attractive after recent weakness. Sony rose Y70 to Y4,870, Pioneer Y50 to Y2,850, Hitachi Y40 to Y1,330 and Fujitsu Y30 to Y1,480.

Expectations that Toshiba's profit will increase in the months ahead through its production of one-megabit dynamic random access memory chips spurred buying of its stock. Toshiba closed Y15 higher at Y790.

Continued speculation on the development of AIDS drugs boosted buying of chemical shares. Hitachi Chemicals rose Y110 to Y2,230 and Sanyo Chemical Industry Y20 to Y1,230. Trading was temporarily halted on shares of Sumitomo Chemical because of an influx of buy orders. It rose Y18 to Y950.

Hong Kong

The 12-day rise in Tokyo helped Hong Kong shares close higher in active trading. Turnover climbed to HK\$836.81m from Thursday'sHK\$526.49m.

Overseas institutions bought Hong Kong stocks because they were cheap compared with those of other Asian centres.

Australia

The market closed off its lows but down, dragged there by weaker gold and mining stocks.

The resource sector was still depressed by the day before's \$10 fall in bullion prices to about \$433 an ounce and by lower oil prices. The gold index fell 24.2 points to 1,454.1.

National turnover was 105.66m shares worth A\$131.10m. Falls outnumbered rises by almost eight to five.

Gold stocks hit by the sell-off included Renison, down 50 cents at A\$6.10, and Gold Mines of Kalgoorlie, off 30 cents at A\$2.45.

Falls of 15 cents took Barrack to A\$1.85 and Forsayth to A\$1.45. Metana went against the trend, climbing 20 cents to A\$6.90, and Pan Australian gained 10 cents to A\$2.30.

Seoul

Prices dropped sharply, with the Seoul composite stock index losing 21.69 points. Friday's drop was the largest in the history of the South Korea stock market.

Many investors stayed on the sidelines. The plans of the new government under President Roh Tae Woo failed to prompt trading activity. Volume was the lightest this year at 6.53m.

Rumours of a financial failure caused by a bouncing cheque issued by an agricultural and livestock company helped to accelerate the fall.

Brussels

An active session saw shares of Société Générale suspended for the second day running as the bourse ended up.

The Générale shares were suspended immediately after soaring 15 per cent to BFr8,060 at the opening and no transactions were made on the bourse.

The rise followed Thursday's news that Italian businessman Mr Carlo De Benedetti had doubled his public offer price for another 7 per cent to BFr8,000.

The Brussels bourse forward market index rose 141.09 points to a record 4,448.70. This is above the level immediately before last October's world stock market crash.

Frankfurt

The weaker dollar sparked profit-taking by investors and led professionals to square their books as shares ended lower in moderate trading.

Cars, always the first casualties in a dollar fall, were under particular pressure yesterday with foreigners leading the selling. Daimler ended DM14 below the previous day's close at DM688, Volkswagen lost DM5.50 to DM246.50, BMW fell DM11 to DM531 and Porsche lost DM10 to DM475.

Amsterdam

Quiet afternoon business was depressed by a lower dollar and a mixed Wall Street opening, with shares closing down.

Philips lost 1.10 to 26.40, after announcing a 19 per cent drop in annual profits yesterday to Fl 818m from Fl 1.02bn in 1986 and plans to axe up to 20,000 jobs.

ABN, the largest Dutch bank, closed Fl 1.10 down at Fl 39.20 after announcing a fall in net profits to Fl 517m from Fl 527m.

NMB bank bucked the trend Fl 2 up at Fl 144 after posting increased net profits to Fl 184m from 159m.

On the day publisher VNU's bid for Audet expired, VNU lost Fl 1.10 to Fl 65.10 and Audet finished Fl 3 down.

Oslo

Investors took quick profits on recent gains and share prices closed generally lower in moderate trading.

The oil index dropped 3.98 points to 242.93 as prices for Norway's North Sea oil fell to around \$14.50 a barrel.

Madrid

The general index edged up 0.09 points to hit a high for the year of 251. This was due mainly to banking stocks, which eased only 0.19 points after heavier losses all week.

AUSTRIA

February 26	Sch %	+ or –
Creditanstalt	1,910	—
Goesser	2,710	+10
Interunfall	9,720	–10
Jungbunzlauer	5,700	–10
Laenderbank	347	+2
Perlmooser	648	—
Steyr-Daimler	103	–1
Veitscher Mag	591	–9

BELGIUM/LUXEMBOURG

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

NETHERLANDS

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

CANADA (3 pm)

[illegible]

INDICES

NEW YORK — DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

FOREIGN EXCHANGES

Dollar ends on weak note

THE DOLLAR finished towards the bottom of the day's range in Europe, after US economic data released yesterday was much as expected, but on analysis was slightly disappointing.

A rise of 0.3 p.c. in January US consumer prices was in line with market expectations. It compared with a rise of 0.2 p.c. in December.

Mr Geoffrey Dennis, international economist at James Capel, said the underlying trend was slightly worrying. Energy prices fell 0.7 p.c., and after stripping out energy and food prices, the index shows an underlying rise of 0.5 p.c. This suggests that rising inflation could become a problem later this year.

A rise of 0.3 p.c. in US personal income, against 0.7 p.c. in December, and a climb of 0.3 p.c. in personal consumption, compared with 0.7 p.c. in December was satisfactory according to Mr Dennis, and indicates that income and consumption are high enough to avoid a recession.

The dollar fell to DM1.6870 from DM1.6965; to FFr5.7125 from FFr5.7375; to SFr1.3870 from SFr1.3960; and to Y128.15 from Y128.75.

On Bank of England figures the dollar's index fell to 94.5 from 94.8.

STERLING - Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index rose 0.1 to 74.7, compared with 72.0 six months ago.

Sterling maintained a firm tone, ahead of Monday's UK trade figures for January. These are generally expected to show an improvement on the visible deficit of £1.18bn and current account shortfall of £582m in December.

The pound rose 90 points to $1.7730-1.7740, and to FFr10.1325 from FFr10.1250, but was unchanged at DM2.9925, and Y227.25, while easing to SFr2.46 from SFr2.4625.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. January average 1.6547. Exchange rate index 149.2 against 146.3 six months ago.

The D-Mark was little changed against the dollar in Frankfurt, with the US currency holding in a narrow range of DM1.6855 to DM1.6910. The Bundesbank did not intervene when the dollar was fixed at DM1.6895 in Frankfurt.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. January average 127.77. Exchange rate index 240.6 against 223.4 six months ago.

The yen was slightly firmer against the dollar in Tokyo yesterday, but dealers were nervous of pushing the US currency below Y128 for fear of provoking intervention by the Bank of Japan.

Short covering in early trading lifted the dollar to Y128.70 from the New York closing level on Thursday of Y128.50, but it then retreated as buying of European currencies pushed the dollar below a support level of DM1.6910 against the D-Mark.

£ IN NEW YORK

Feb.26	Latest	Previous Close
£ Spot	1.7715-1.7725	1.7665-1.7675
1 month	0.34-0.31pm	0.33-0.31pm
3 months	1.09-1.05pm	1.06-1.03pm
12 months	4.20-4.10pm	4.05-3.95pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.26	Previous
8.30 am	74.7	74.5
9.00 am	74.7	74.5
10.00 am	74.7	74.5
11.00 am	74.6	74.5
Noon	74.6	74.5
1.00 pm	74.7	74.5
2.00 pm	74.7	74.5
3.00 pm	74.6	74.6
4.00 pm	74.7	74.6

CURRENCY RATES

Feb.26	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]			

All SDR rates are for February 25

CURRENCY MOVEMENTS

Feb.26	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.7	-19.0
U.S. Dollar	94.5	-12.0
Canadian Dollar	79.8	-7.2
Austrian Schilling	140.3	+10.7
Belgian Franc	100.6	+4.7
Danish Krone	93.6	+2.7
Deutsche Mark	149.2	+22.8
Swiss Franc	177.3	+24.8
Guilder	137.5	+15.6
French Franc	71.7	-13.3
Lira	47.0	-19.2
Yen	240.6	+80.9

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1975=100) *Rates are for Feb.25

OTHER CURRENCIES

Feb.26	£	$
Argentina	10.7600-10.8545	6.0750-6.1250
Australia	2.4650-2.4680	1.3905-1.3915
Brazil	170.30-171.25	96.1470-96.6280
Finland	7.2310-7.2440	4.0820-4.0840
Greece	257.40-261.55	134.10-136.40
Hong Kong	13.8140-13.8310	7.7960-7.7980
Iran	119.70*	67.20*
Korea(Sth)	1341.65-1353.75	763.20-769.40
Kuwait	0.48800-0.48930	0.27590-0.27600
Luxembourg	62.45-62.55	35.20-35.30
Malaysia	4.5750-4.5865	2.5830-2.5860
Mexico	4081.00-4101.00	2305.00-2315.00
N. Zealand	2.6575-2.6625	1.4995-1.5020
Saudi Ar.	6.6450-6.6505	3.7500-3.7510
Singapore	3.5630-3.5690	2.0105-2.0125
S. Af (Cm)	3.6845-3.7100	2.0835-2.0920
S. Af (Fn)	4.7910-4.9240	2.7025-2.7775
Taiwan	50.45-50.70	28.55-28.65
U.A.E.	6.5075-6.5135	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Feb.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7695-1.7745	1.7730-1.7740	0.38-0.35cpm	2.47	1.07-1.02pm	2.36
Canada	2.2380-2.2432	2.2420-2.2430	0.17-0.03cpm	0.54	0.42-0.26pm	0.61
Netherlands	3.35¼-3.36¼	3.35¼-3.36¼	1¼-1⅛cpm	5.81	4½-4¼pm	5.06
Belgium	62.43-62.66	62.45-62.55	17-15cpm	3.07	49-44pm	2.98
Denmark	11.41¾-11.45½	11.43¾-11.44½	½pm-¼oredis	0.13	¾pm-¼dis	0.11
Ireland	1.1217-1.1244	1.1225-1.1235	0.09-0.13pdis	-1.18	0.23-0.31dis	-0.96
W. Germany	2.98¼-2.99¼	2.98¼-2.99¼	1¼-1⅛pfpm	6.52	4½-4¼pm	5.76
Portugal	244.33-245.70	244.70-245.70	106-164cdis	-6.63	299-354dis	-5.00
Spain	201.54-202.15	201.75-202.05	43-56cdis	-2.94	96-116dis	-2.10
[illegible]						

Belgian rate is for convertible francs. Financial franc 62.65-62.75. Six-month forward dollar 2.15-2.10cpm 12 month 4.05-3.95cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]						

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.30-35.40.

EURO-CURRENCY INTEREST RATES

Feb.26	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]						

Long term Eurodollars: two years 7¾-7⅞ per cent; three years 8¼-8⅜ per cent; four years 8½-8¾ per cent; five years 8⅝-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.26	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.774	2.993	227.3	10.13	2.460	3.358	2205	2.243	62.50
$	0.564	1	1.687	128.1	5.710	1.387	1.893	1243	1.264	35.23
DM	0.334	0.593	1	75.94	3.385	0.822	1.122	736.7	0.749	20.88
YEN	4.399	7.805	13.17	1000.	44.57	10.82	14.77	9701	9.868	275.0
F Fr.	0.987	1.751	2.955	224.4	10.	2.428	3.315	2177	2.214	61.70
S Fr.	0.407	0.721	1.217	92.40	4.118	1	1.365	896.3	0.912	25.41
H Fl.	0.298	0.528	0.891	67.69	3.017	0.733	1	656.6	0.668	18.61
Lira	0.454	0.805	1.357	103.1	4.594	1.116	1.523	1000.	1.017	28.34
C $	0.446	0.791	1.334	101.3	4.516	1.097	1.497	983.1	1	27.86
B Fr.	1.600	2.838	4.789	363.7	16.21	3.936	5.373	3528	3.589	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates slightly firmer

INTEREST RATES were a little firmer in London yesterday, but there was no strong pressure on the money market, and dealers do not expect any early change in UK bank base rates.

No move is expected ahead of the Budget on March 15. After next week's news on UK trade and official reserves, the market is unlikely to receive any stimulus from economic events until Budget week, when money supply, bank lending, average earnings and the PSBR requirement will be published.

Three-month interbank was steady at 9⅛-9¼ throughout the day, compared with 9³⁄₁₆-9⁵⁄₁₆ p.c. at Thursday's close. One-year money was unchanged at 9¹³⁄₁₆-9¹¹⁄₁₆ p.c., after touching 9¾-9⅝ p.c. on Thursday.

UK clearing bank base lending rate 9 per cent from February 2

There were again signs of an underlying shortage of bills in the market, which is not expected to unwind until banks' corporate customers can issue new paper as existing bills mature.

This should happen over the next week or so. A large number of bills were issued around the turn of the year, to take advantage of arbitrage opportunities, but many of these have already been bought be the Bank of England,

The Bank of England initially forecast a money market shortage of £450m, but revised this to £400m at noon, and to £350m in the afternoon. Total help of £296m was provided.

Before lunch the authorities bought £119m bank bills outright in band 4 at 8⅞ p.c. In the afternoon the Bank of England purchased another £112m bills, by way of £15m bank bills in band 1 at 8⅞ p.c. and £97m bank bills in band 4 at 8⅞ p.c. Late assistance of £65m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £468m, with a rise in the note circulation absorbing £320m and bank balances below target £80m.

At the weekly Treasury bill tender the average rate of discount fell to 8.8106 p.c. from 8.8226 p.c. The tender was split between 91 day and 92 day bills, and the £100m bills on offer attracted bids of £431m.

The minimum accepted bid of £97.79 on 91-day bills was met as to about 3 p.c., and above in full, compared with 19 p.c. at the same price last week. Applications for 92-day bills at £92.77 p.c. and above were allotted in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.26) 3 months US dollars		6 months US Dollars	
bid 6¾	offer 6⅞	bid 6⅞	offer 7

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8½	One month	5.09	Three year	7.36
Broker loan rate	7½	Two month	5.20	Four year	7.54
Fed.funds	6⅝	Three month	5.76	Five year	7.72
Fed.funds at intervention	-	Six month	6.02	Seven year	7.99
		One year	6.57	10-year	8.20
		Two year	7.16	30-year	8.40

Feb.26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.35-3.45	3.20-3.35	3.25-3.35	3.25-3.40	3.30-3.50	4.50
Paris	7⅛-7¼	7⅛-7⅞	7⅛-7½	7⅛-7⅞	7⅞-8	7.50
Zurich	⅛-⅜	1½-1⅞	-	1⅝-1⅞	-	-
Amsterdam	3⅛-3⅜	3⅝-4⅛	-	4-4⅛	-	-
Tokyo	3.40625	3.90625	-	3.78125	-	-
Milan	10-10½	10⅞-11⅛	-	10⅞-11⅛	-	-
Brussels	5.65	6⅝-6⅞	-	6⅝-6⅞	-	-
Dublin	7-7¼	8¼-8½	8⅝-8⅞	8¾-9	9-9¼	-

LONDON MONEY RATES

Feb.26	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅞	9	9	9⅜	9½	9⅞
Interbank Bid	8¼	8⅞	8¾	9¼	9¼	9¾
Sterling CDs	-	-	8⅞	9¼	9⅜	9¾
Local Authority Deps.	9⅛	9	9	9¼	9½	9¾
Local Authority Bonds	-	-	9	9½	9¾	9⅞
Discount Mkt Deps.	9	8⅞	-	-	-	-
Company Deposits	9¼	9⅛	9	9¼	9⅜	9⅞
Finance House Deposits	-	-	9	9⅜	9⅝	9⅞
Treasury Bills (Buy)	-	-	8⅞	8⅞	-	-
Bank Bills (Buy)	-	-	8⅞	8⅞	9⅛	-
Fine Trade Bills (Buy)	-	-	9⅜	9⅝	9¾	-
Dollar CDs	-	-	6.70-6.65	6.75-6.70	6.85-6.80	7.10-7.05
SDR Linked Dep Offer	-	-	5⅞	6	6⅛	6⅜
SDR Linked Dep Bid	-	-	5⅝	5¾	5⅞	6⅛
ECU Linked Dep Offer	-	-	6⅛	6⅜	6½	6¾
ECU Linked Dep Bid	-	-	6	6¼	6⅜	6⅝

Treasury Bills (sell); one-month 8⅞ per cent; three months 8⅞ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅞ per cent; Treasury Bills; Average tender rate of discount 8.8106 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 29, 1988. Agreed rates for period March 26,1988 to April 25, 1988, Scheme I: 10.45 p.c., Schemes II & III: 10.56 p.c. Reference rate for period Jan.30,1988 to February 29, 1988, Scheme IV: 9.247 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.00 from February 1, 1988: Bank Deposit Rates for sums at seven days notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent; Under £100,000 7½ per cent from Jan.26,1988, Deposits withdrawn for cash 5.00 per cent.

Cooler note in bond and equity sectors

Account Dealing Dates

†First Dealings	Option Declarations	Last Dealings	Account Day
Feb 8	Feb 18	Feb 19	Feb 29
Feb 22	Mar 3	Mar 4	Mar 14
Mar 7	Mar 17	Mar 18	Mar 28

*New time dealings may take place from 9.00 am two business days earlier.

THE WEEK-LONG rally in the UK stock market was checked yesterday after a poor performance from Wall Street overnight. Share prices gave back a little of their recent gains, although there was little significant selling pressure across the broad range of the market – Seaq turnover fell back to 357.4m shares. The steam also went out of the Gilt-edged market, and the authorities made no move to issue a new tap stock at the long end of the market.

A good part of the day's fall of 15.9 points to 1766.5 in the FT-SE 100 Index could be ascribed to weakness in many major blue chips. ICI fell after a major trading house marked them "unexciting" following the profits figures, while Shell tumbled in the wake of Thursday's switch selling. The FT Ordinary Index, which includes ICI but not Shell, fell 10.2 to 1423.7. The banking results season ended with Lloyds easier after announcing trading figures.

The stock market has risen by 2.1 per cent this week, on a welcome increase in equity turnover as British and foreign institutions have moved to narrow the gap between recent performances by London and the other global investment centres.

In its latest Equity Briefing, Warburg Securities points out that the London market has shown little improvement since February 1, a period which has brought gains of 4.9 pc in New York, 5.7 pc in Tokyo, 12 pc in Frankfurt and 20 pc in French bourses.

Warburg comments that, "the (market) situation feels a lot better", with ADR trading in New York suggesting that US investors are starting to buy the UK market.

The undertone remained optimistic as London contemplated the foreign buying which has already been identified in London this week. The only shadow was cast by Wall Street's persistent difficulty in moving convincingly upwards from Dow 2,000. However, the FT-SE 100 March Futures contract again closed at a premium against the underlying Index, after slipping to a discount briefly when Wall Street opened sluggishly.

Government bonds, too, failed to hold the week's gains which were given a final boost late on Thursday evening. Here also, it was the softening in New York bond prices overnight which took the strength out of London. There was a modest sell-off in Gilts yesterday afternoon when the US bond opened uncertaintly.

Nervousness ahead of the conventional 3.30pm Friday timing for new Government tap stocks proved unfounded, but by then the market had lost all enthusiasm, and prices ended with net losses of about ¼. The long end has been untapped for some time, and a further advance in the market would invite the authorities to take the opportunity to tap it, so as to exercise some control. However, the authorities have no need to raise funds in the marketplace, and will choose their own time for a tap stock.

Inflation concern remained sufficiently active to push Index-linked Gilts up by ⅛ or so, causing the Government Broker to activate the sector's tap stock, the 2½ pc IL Treasury '13. Some tap stock was sold at 88⁷⁄₁₆, as expected, but the authorities still retained some of the original £100m issue.

Marks and Spencer, where turnover topped 4m, attracted the lion's share of business in a generally restrained stores sector after Thursday's news that the group is seeking to acquire Brooks Brothers, the upmarket US clothing group, for $770m in cash.

Marks' share price dipped back to 176½p amid concern that the acquisition could affect Marks' credit rating and that it is paying too much for the US group. One leading securities house was taking the view that the purchase would be easily absorbed but others were obviously taking the opposite view that the deal could prove a short term depressant on the share price.

ICI were a weaker market as the the Press and analysts at Warburg Securities, the investment house, took a slightly bearish view of the group's prospects in the wake of the annual results published last Thursday. Warburgs expect ICI to be unexciting performers in the coming months," as the downturn in the chemical cycle approaches". In the longer term, Warburg see a fairly flat profits performance with some slippage in bulk chemical profits largely offset by growth in other businesses.

The securities house forecasts pre-tax profits some 5 per cent higher at £1,375m in 1988, with a similar figure in 1989. Other City analysts took a more positive view on the ICI results, but the Warburg view was borne out by the ICI share price which shaded to £10⅝ prior to closing ⅛ easier at £10¾.

The oil sector, scene of some unsually heavy buying interest late on Thursday – much of which came from the US – suffered a setback as crude oil prices continued to slide and Warburgs, the London securities house, downgraded its forecasts for BP and Shell. The sector was also hit by Thursday night's retreat by Wall Street.

Shell were especially hard hit and suffered from the fall–out effects of the major switch – out of Shell into BP and British Gas – carried out by Smith New Court on Thursday. Shell settled ⅝ off at £10¼ on turnover of 2.3m shares while BP dipped 3½ to 245½p and BP "new"– where 12m changed hands, 2½ to 62p. **British Gas** were a shade off at 134p on turnover of 4m. **Enterprise** dropped 13 to 296p and **LASMO** 11 to 294p. The absence of any news on the bid front depressed **Ultramar** 16 to 249p.

WPP, the expanding advertising agency group which owns JWT in the US, resisted the market downturn following an extensive review of the Agency sector by Barclays de Zoete Wedd (BZW). The securities house rates WPP a "special situation buy" and expects Thursday's trading statement to show a leap from last last profits of £1.8m to £12.5m – some sources would go even higher. Good news is also expected on the US property disposal which could dramatically lower WPP's gearing. The shares traded actively, rising to 520p before closing 13 up at 512p.

Saatchi & Saatchi, favoured by BZW as a long term "buy", initially extended the recent advance but later reacted quite sharply on US influences to end 15 down on balance at 433p. The stock had benefited earlier in the week from a revival of American investment support which, in turn, caused domestic investors to take closer inspection. Turnover increased again yesterday with 3.8m shares passing through the system.

Lloyds Bank's preliminary results brought the "big–four" clearing banks reporting season to a close. Lloyds' figures –pre-tax the bank made a loss of £248m compared with last time's profit of £700m – were regarded as disappointing by dealers and the shares slipped back to 264p prior to closing a net 6 off at 264p after a turnover of 4.7m.

Much of the business in Lloyds represented a series of switching operations – both positive and negative – with London brokers Alexanders Laing and Cruikshank said to have carried out a switch out of Lloyds and into NatWest.

Other major switches in the banks included much activity in Barclays and NatWest. Sellers of **Barclays** got the upper hand and the latter's shares ended the session a net 8 off at 480p – also reflecting profit–taking after results considered better-than-expected. NatWest were a shade firmer on the day and 2 up at 566p as were **Midland**, 396p.

GPG eased a shade to 84p following the news that the three main parts of the group are to be demerged, but **Hambros** were a poor market and lost 10 to 238p. A BZW "buy" recommendation helped **SG Warburg** edge up 2 to 317p.

Insurances generally outperformed the rest of the equity market with all three sectors sustained by continuing stock shortages. In lifes the completion of a large selling order saw *Prudential move up 11 to* 831p. Composites, firm in the wake of Royals' recent good results, held relatively steady with **Royals** finally a couple of pence harder at 408p as Citicorp Scrimgeour Vickers and Wood Mackenzie (part of County NatWest) issued "buy" recommendations on the stock.

Sedgwick's full–year results – profits were down 25 per cent at £102m compared with estimates that had ranged from £95m to £105m – were deemed satisfactory and the shares bounced to 220p before closing a net 5 higher at 214p; "There is good support at 215p and the *bid spec is still around*", said one leading dealer.

AMI Healthcare, which owns and operates private acute care hospitals in the UK, made a highly successful market debut; the shares, offered by S.G. Warburg at 215p per share, opened at 240p and quickly progressed to 248p following strong support before settling a shade below the best at 247p. Turnover in the stock was around 4m shares.

Revived stories of antipodean interests looking to increase their shareholdings in UK brewery groups encouraged fresh buying of **Allied-Lyons**, up 3 at 356p, and another good business in **Scottish & Newcastle**. Volume in the former almost doubled to 4.0m shares, following speculation that Bond Corporation of Australia, owner of a 5 per cent stake, was seeking closer trading links with Allied, which promotes the Autralian group's Castlemaine XXXX in this country.

Scottish & Newcastle, strong recently on suggestions that either one or both of its antipodean shareholders could be acquiring more shares, traded briskly again but eventually lost ground to settle at 251p. Sir Ron Brierley, the New Zealand entrepreneur, holds 5 per cent and Elders IXL, the Australian conglomerate, recently disclosed a 2 per cent interest.

BPB Industries continued to make the running in the Building sector, the shares attracting fresh institutional funds in the wake of a broker's recommendation to close 4 higher at 284p on a turnover of some 2.3m shares. **Tarmac**, however, baulked at an apparent resistance level of 245p and eased back to close 5 cheaper at 239p. Profit-taking clipped 6 from recent strong performer **Redland** at 414p. Secondary issues were highlighted by **Henderson Group**, the sliding door gear manufacturer, which rose 21 to 377p following an increased and final offer of 375p per share cash from **Hepworth Ceramic**; the latter were an active market, around 1.2m shares changed hands, and the close was a shade dearer at 225p. **Ramus** dipped 10 to 160p following poor interim results, but **F.J.C. Lilley** added 1 to 43p amid renewed stake building speculation. **Higgs and Hill** rose 13 to 332p in a restricted market.

Babygro, badly hit on Thursday by rumours of the possible imposition of VAT on childrens clothes in the budget, rallied a shade to 78p.

A neutral Press response to the third quarter figures saw **British Telecom** ease 2 to 244p on turnover of almost 6m shares, but further profit–taking after the stake–building denials left **Plessey** – where turnover failed to reach 1m – 3 cheaper at 160p.

A week of good gains in the engineering sector closed with many of the leaders easing back on minor profit–taking.

Vickers, one of the sector's best performers after Monday's excellent figures, were 1½ off at 165½p, but retained a week's rise of 9. Elsewhere, **Telfos** added 3 at 136p with the warrants especially in demand and finally 13 higher at 66p. **Trusthouse Forte** were bought on news of the joint venture with Courage the brewers involving 100 pubs and the close was 1½ higher at 230p.

A switching operation, out of **Tesco** into **Dee Corporation** prompted a gain of a penny to 184p, after 187p in the latter. Tesco held at 154p.

Major international issues traded lower in the wake of Wall Street's fall overnight, **BOC** shedding 7 to 390p and **BTR** falling 6 to 271p. **Hanson** settled 2½ cheaper at 138p following a turnover of 3.6m shares. **Pilkington**, a rising market recently on revived takeover speculation, encountered profit-taking and dipped 8 to 229p.

Oakwood followed Thursday's leap of 120 with a further gain of 60 to 780p, after 810p, in the wake of the appointment of Barham directors to the board.

Leading component manufacturer **Lucas Industries** extended this week's good rise to close at 628p but **Kwik-Fit** surrendered some of the recent gain, engineered by a private investment recommendation, as profits were taken and ended 8 down at 192p. **Lex Service**, at 320p, also lost firmness awaiting Thursday's preliminary statement. Fleming Research are forecasting profits of £46m and expect a "reasonably positive statement" with the strong performance in both automotive and electronics distribution continuing into early 1988.

Two miscellaneous Financial issues responded to occasional *buying interest* in narrow markets. **Centreway Trust**, which announced property and industrial disposals on Thursday, jumped 20 to 130p. **Kakuzi** were raised a similar amount to 125p.

Traded option business contracted, total contracts falling to 23,668 comprising 15,891 calls and 7,777 puts, however, there was sustained interest in **British Gas** 140 calls and the stock registered 1,424 calls and 104 puts overall. The **FTSE** contract attracted 908 calls and 1,187 puts. Dealers reported a reasonable two-way business in Stores, but **Marks and Spencer** were disappointing after its recent proposed US purchase. **BP, LASMO** and **Shell** puts all saw business on the back of the slump in crude oil prices.

Traditional Options

- **First dealings Feb 15**
- **Last dealings Feb 26**
- **Last declarations May 19**
- **For Settlement May 31**

For rate indications see end of London Share Service

Money was given for the call of **Aurora, North Kalgurli, Eagle Trust, Amber Day, BP partly-paid, Sound Diffusion, Lloyds Chemists, Real Time Control, Blacks Leisure, Suter, Raine Industries** and **Control Securities**. Puts were arranged in **M & G Group** and **Plessey** while a double was copmpleted in **BP partly-paid**.

FINANCIAL TIMES STOCK INDICES

	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.03	90.01	89.76	89.62	89.46	87.96	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.79	96.44	†96.38	96.04	95.58	93.52	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1423.7	1433.9	1417.0	1410.3	1396.3	1599.8	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	244.9	248.9	254.8	262.0	263.5	329.8	497.5 (4/8/87)	241.7 (4/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.49	4.46	4.44	4.45	4.46	3.62				
Earnings Yld. %(full)	10.70	10.63	10.67	10.70	11.28	8.47				
P/E Ratio (net)(*)	11.34	11.42	11.38	11.34	10.84	14.47				
SEAQ Bargains (5pm)	23,002	24,908	22,868	26,479	24,151	46,040				
Equity Turnover (£m)	-	1119.40	961.47	1293.31	894.43	1498.82				
Equity Bargains	-	27,608	25,889	27,872	26,265	58,230				
Shares Traded (ml)	-	469.3	359.2	449.2	335.4	585.0				

S.E ACTIVITY

Indices	Feb.25	Feb.24
Gilt Edged Bargains	124.5	135.3
Equity Bargains	179.4	167.7
Equity Value	2262.6	1943.4
5-Day average		
Gilt Edged Bargains	126.7	125.7
Equity Bargains	178.6	178.1
Equity Value	2172.3	2277.8

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1434.6	1427.6	1430.1	1427.2	1426.3	1425.9	1427.8	1423.2

Day's High 1434.7 Day's low 1423.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=11.23. † Corrected figure.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
Allied Lyons (*356)	330	38	43	55	7	16	20
	360	17	27	37	17	28	32
	390	7	15	-	37	47	-
Brit. Airways (*166)	140	28	32	38	2	6	9
	160	15	18	25	7	12	17
	180	4	10	16	18	24	29
[illegible]							

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
LASMO (*294)	280	30	43	53	15	25	28
	300	17	28	38	30	40	40
	330	8	17	30	47	58	63
P. & O. (*545)	500	57	72	87	15	25	32
	550	27	47	62	35	47	52
	600	11	-	-	72	-	-
[illegible]							

February 26 Total Contracts 23,668 Calls 15,891 Puts 7,777. FT-SE Index Calls 908 Puts 1,187. *Underlying security price.

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (...) [illegible] (1) Airship Inds., INDUSTRIALS (8) French (Thos.), SAC Intl., West Industries, INSURANCE (1) Bryant (Derek), TEXTILES (1) Corr-Moore, TRUSTS (2) Primadona, River Plate, MINES (10) THIRD MARKET (1) Americour Energy.

صورة من الاصل

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.
Details relate to those securities not included in the FT Share Information Services.
Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.
For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.
‡ Bargains at special prices. ◆ Bargains done the previous day. △ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included4

Greater London Council6¾% Stk 90/92 – £90¾
Birmingham Corp2½% Stk 1926(or after) – £20¾ (19Fe88)
3½% Stk 1946(or after) – £29¾ (19Fe88)
Birmingham District Council11½% Red Stk 2012 – £107 (19Fe88)
Manchester(City of)11.5% Red Stk 2007 – £108½ (22Fe88)
Manchester Corp1891 3% Red Stk 1941(or after) – £25
Newcastle-Upon-Tyne(City of)11¾% Red Stk 2017 – £107 (23Fe88)
Salford Corp5½% Red Stk 86/88 – £97½ (23Fe88)

UK Public Boards
No. of bargains included3

Agricultural Mortgage Corp PLC5½% Deb Stk 93/95 – £81 (19Fe88)
6¼% Deb Stk 92/94 – £81
6½% Deb Stk 85/90 – £92¹⁄₁₆ (23Fe88)
7¾% Deb Stk 91/93 – £89½
10¼% Deb Stk 92/95 – £99¾ (23Fe88)
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 – £46 (23Fe88)
Port of London Authority3% Port of London A Stk 29/99 – £51¾◆ 2¼◆ 3¼◆
3½% Stk 49/99 – £45◆
6½% Reg Stk 87/90 – £92¾ ½ (24Fe88)

Commonwealth–Government
No. of bargains includednil

Jersey Electricity Co Ld6% Gtd Stk 2000 – £91½ (23Fe88)

Foreign Stocks, Bonds, etc–(coupons payable in London) No. of bargains included10

Greece.(Kingdom of)4% Ln 1910(Assd with Acceptance Cert) – £33 (23Fe88)
Rio De Janeiro(State of)Brazil5½% Cnv(Stg Ln Bds)(A–now 1¾%) – £75 (22Fe88)
Abbey National Building Society10¾% Bds 1993 – £101¾
Fltg Rate Nts 1991 (Br£10000) – £99.7 (22Fe88)
Argyll Group PLC4¾% Cnv Bds 2002 – £99¾ (24Fe88)
ASDA–MFI Group PLC4¾% Cnv Bds 2002(Br£1000&£5000) – £110 1
BP Capital BV9¾% Gtd Nts 1994 – $101¾ (19Fe88)
Barclays Australia (Finance) Ld14% Gtd Nts 1991 – $A103¾ ½
Barclays Bank PLC10¾% Senior Subord Bds 1997 – £100¼◆
Barclays Bank Finance Co(Jersey)Ld10¾% Gtd Deposit Nts 1990 – £99¾ (22Fe88)
Barclays Overseas Inv Co BV6% Gtd Bds 1996 (BrY1000000) – Y103¾ (24Fe88)
Bekins B.V.Zebras 22/1/96(Br £10000) – £46 (23Fe88)
Blue Circle Industries PLC6¾% Subord Cnv Bds 2002 – £107½ (23Fe88)
Burton Group PLC4¾% Cnv Bds 2001 (Br£1000&5000) – £105½ (23Fe88)
DRG PLC6¾% Subord Cnv Bds 2002 – £87◆ 8½◆
Dixons Group (Capital) PLC6¾% Cnv Gtd Bds 2002 (Br£5000&50000) – £78¾ (19Fe88)
Finland(Republic of)10¾% Bds 1997 – £100¾ (22Fe88)
GPG PLC Dep Warrants to sub for Ord – 7 (24Fe88)
General Motors Acceptance Corp8¾% Nts 7/7/89 – $101¾ ¾ (19Fe88)
Grand Metropolitan PLC6¾% Subord Cnv Bds 2002 (Br£5000) – £86½ (24Fe88)
Halifax Building Society10⅞% Nts 1997 – £100¾
Fltg Rate Ln Nts 1994(Br£5000&50000) – £99.62 (22Fe88)
Hanson Trust PLC10% Bds 2006 (Br£5000) – £95¾ (23Fe88)
Hongkong & Shanghai Banking Corp – $75
I.C.I.Finance(Netherlands)NV6¾% Gtd Cnv Bds 1999 – £136 (23Fe88)
Imperial Chemical Industries PLC9¾% Bds 2005 – £95¾ (24Fe88)
10¾% Bds 1992(Br£5000) – £103¾ (19Fe88)
Inter-American Development Bank7¾% Bds 15/11/93(Br Y 1000000) – Y100 1¾ (22Fe88)

Sweden(Kingdom of)9¾% Ln Stk 2014(Reg) – £97
13.5% Ln Stk 2010(Reg) – £128¾◆
Trinidad & Tobago(Republic of)12¾% Ln Stk 2009(Reg) – £102¾ (23Fe88)
United Mexican States16½% Ln Stk 2008(Reg) – £104 ¼ (24Fe88)

Banks and Discount Companies
No. of bargains included1185

Ansbacher(Henry)Hldgs PLC9% Cnv Subord Ln Stk 1996 – £103 13
Banco de Bilbao SAOrd PT500(Rep by IDRin denom var)(Cpn5) – PT625◆
Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 – £79
Barclays PLCADR (4:1) – $34 ¾ (24Fe88)
Barclays Bank PLC7¾% Uns Cap Ln Stk 86/91 – £92¹⁄₁₆
8¾% Uns Cap Ln Stk 86/93 – £92 ¾ 3
12% Uns Cap Ln Stk 2010 – £112¾
16% Uns Cap Ln Stk 2002/07 – £138¾
Barings PLC8% Cum 2nd Prf £1 – 104¾ ½ (24Fe88)
Midland Bank PLC7½% Subord Uns Ln Stk 83/93 – £89
10¾% Subord Uns Ln Stk 93/98 – £102
14% Subord Uns Ln Stk 2002/07 – £125 ¾
National Westminster Bank PLCADR (3:1) – $29¾
7% Cum Prf £1 – 80 6
9% Subord Uns Ln Stk 1993 – £98
12½% Subord Uns Ln Stk 2004 – £115¾ ⅝ ¾ ⅞ ¾
Royal Bank of Scotland Group PLC5½% Cum Prf £1 – 48 (19Fe88)
11% Cum Prf £1 – 100 (22Fe88)
Schroders PLC8¾% Uns Ln Stk 97/2002 – £88 (22Fe88)
Standard Chartered PLC12¾% Subord Uns Ln Stk 2002/07 – £111¾ (24Fe88)
TSB Group PLCOrd 25p – 107 8 8 ¼ ¾ ¾ ½ ¾ .891 9 9 ½ ¾ 10 10
Warburg (S.G.) Group PLC7¾% Cum Prf £1 – 101½ 3
Wintrust PLC10¾% Cum Prf £1 – 120

Breweries and Distilleries
No. of bargains included587

Allied-Lyons PLC5½% Cum Prf £1 – 48 50 (23Fe88)
7½% Cum Prf £1 – 70 (23Fe88)
6¾% Red Deb Stk 84/89 – £92 (19Fe88)
6¾% Red Deb Stk 87/92 – £88½ 7¾
6¾% Red Deb Stk 88/93 – £88 (22Fe88)
7¾% Red Deb Stk 88/93 – £89 (23Fe88)
11¾% Deb Stk 2009 – £113¾ ⅝
6¾% Uns Ln Stk – £58 (19Fe88)
7¾% Uns Ln Stk 93/98 – £84¾ 6 ¼
Bass PLC3¼% Deb Stk 87/92 – £82 (22Fe88)
8¾% Deb Stk 87/92 – £94◆
10.65% Deb Stk 96/99 – £100 (19Fe88)
4½% Uns Ln Stk 92/97 – £80 (24Fe88)
7¼% Uns Ln Stk 92/97 – £87 (23Fe88)
Bass Investments PLC6% Uns Ln Stk 85/90 – £89 (23Fe88)
7¼% Uns Ln Stk 92/97 – £82½ (23Fe88)
Boddington Group PLC9½% Cnv Uns Ln Stk 2000/05 – £145 (24Fe88)
Bulmer(H.P.)Hldgs PLC8¾% 2nd Cum Prf £1 – 112 3 4
Greenall Whitley PLC"A" Ord 5p – 132 (23Fe88)
8% Cum Prf £1 – 101
4½% Deb Stk 87/92 – £80◆
7% Irrd Uns Ln Stk – £60◆
Hardys & Hansons PLCOrd 25p – 655 (23Fe88)
Mansfield Brewery PLCOrd £1 – 455 (24Fe88)
Scottish & Newcastle Breweries PLC7¾% Cum Prf £1 – 76 (24Fe88)
7% Cnv Cum Prf £1 – 122 3 5 6 7
8% 1st Mtg Deb Stk 84/89 – £97⅝ ⅝ ½ (23Fe88)
6¾% 1st Mtg Deb Stk 86/90 – £96¾ (23Fe88)
7¾% 1st Mtg Deb Stk 89/94 – £93¾ 4¾ (23Fe88)
Seagram Distillers PLC12¾% Deb Stk 2012 – £116¾
Truman Ld7¾% Deb Stk 88/93 – £86
Vaux Group PLC9.875% Deb Stk 2015 – £95¾ 8 (24Fe88)
Watney,Mann & Truman Hldgs PLC4¾% Red Deb Stk 88/93 – £80 (23Fe88)
7% Red Deb Stk 88/93 – £86½
7¾% Red Deb Stk 87/92 – £88 9¾ (23Fe88)
10¾% Red Deb Stk 90/95 – £101¾

[illegible]

Bournemouth & District Water Co10¾% Red Deb Stk 1996 – £95 (23Fe88)
Bristol Waterworks Co3.5%(Fmly 5%)Cons Prf Stk – £90
Chester Waterworks Co4.2%(Fmly 6% Max)Ord Stk – £120 (19Fe88)
Colne Valley Water Co2.8%(Fmly 4%)Cons Prf Stk – £215 20 20 (19Fe88)
Essex Water Co3.5%(Fmly 5%)New Ord Stk – £160 (19Fe88)
3.5%(Fmly 5%)Prf Stk – £47½ (23Fe88)
10½% Deb Stk 94/96 – £97½ (19Fe88)
Mid Kent Water Co7½% Red Deb Stk 91/93 – £87½ (19Fe88)
Newcastle & Gateshead Water Co10% Red Deb Stk 92/94 – £94 (23Fe88)
Portsmouth Water Co3.5%(Fmly 5%)Ord Stk – £180 (23Fe88)
South Staffordshire Waterworks Co – £29
West Hampshire Water Co3.15%(Fmly 4½%)Prf £10 – 350 (23Fe88)

USM Appendix
No. of bargains included966

Avesco PLCCum Ptg Cnv Red Prf 1997 1p – 73
Biomechanics International PLC8.5% Cnv Uns Ln Stk 1991 – £135 (23Fe88)
Carron Phoenix PLCOrd 10p – 150 ½
City Merchant Developers PLC5.125% (Net) Cnv Cum Red Prf £1 – 70
Copymore PLCOrd 5p – 145 (23Fe88)
Corporate Estates Properties PLCWarrants to sub for Ord – 33 (19Fe88)
Cramphorn PLCOrd 50p – 290 (22Fe88)
Ecobric Holdings PLC12¾% Cnv Uns Ln Stk 88/90 – £95
Electron House PLC6.5% Cnv Cum Red Prf £1 – 100 100
Fergebrook Group PLC12% Cnv Uns Ln Stk 92/97 – £85
Goodhead Print Group PLC7% Cnv Cum Red Prf £1 – 125 8½ (22Fe88)
Hatfield Estates PLCOrd 10p – 112 (23Fe88)
Heavitree Brewery PLCOrd 25p – 720◆
"A" Lim Vtg Ord 25p – 670 (24Fe88)
Hornby Group PLCOrd 5p – 137 (24Fe88)
Johnson Fry PLCOrd 10p – 115 7
London Forfaiting Co PLCNew Ord 40p (Fp/RLA-25/3/88) – 152 3 3 ½ 4 4 5 5 6 6 7 7 8 8 60 60 1½ 2 ½ 3 3 5
Randsworth Trust PLC7% Cum Cnv Red Prf £1 – 78
Ross Consumer Electronics PLCOrd 10p – 135 (23Fe88)
Sharp & Law PLC8 5% Cum Red Cnv Prf 10p (Fp/PAL-2/3/88) – 180

Signex International PLCOrd 10p – 52
Splash Products PLCOrd 10p – 73
Tilon Hldgs PLCNew Ord 10p(Fp/LA-7/3/88) – 84
Wiltaire Systems PLCFixed Rate Cnv Cum Red Prf 2p – 108 12
Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £75

The Third Market Appendix
No. of bargains included123

Medrace PLCWarrants to sub for Ord – 63
Navan Resources PLCOrd Ir£0.20 – £0.6 0.7 0¾ p 63 6 7 9 70

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. *Quotation has not been granted in London and dealings are not recorded in the Official List.*

Abitibi - Price £10½ (23/2)
Acorn Securities 18◆18,19,20 A$0.422,0.47
AECI R10.8 (24/2)
Alkane Exploration A$0.101 (24/2)
America Barrick Resources Corp Com NPV £10½ $19
Ampol Expln. 112◆ A$2 891 (23/2)
Amsterdam Rotterdam Bank FL62.45
Aust. Foundation Inv 40 (23/2)
Aust. Oil & Gas 26 A$0 03 (24/2)
Beach Petroleum 13 (23/2)
Bearcat Explorations 17◆22 (24/2)
Beverly Enterprises $6⅛◆
Black Hill Minerals 2◆
C.S.F. (Thomson C.S.F.) FR171◆ (23/2)
Cape Range Oil 8½◆
Central Norseman A$0 992
Cerebos Pacific 132◆ (22/2)
Churchill Resources 10◆10 A$0.201 (23/2)
Cons Petroleum Australia A$0.18,0 19 (24/2)
Devex A$0 35◆ (23/2)
Du Pont $86⅞◆
East Coast Minerals 6 (19/2)
Free State Cons Gold Mines R29.55◆ $10¼,½ R27¼
Generale Occidentale FR729 (24/2)
Global Natural Resources 294 (24/2)
Golconda Minerals A$0.301
Greenvale Mining 14 (24/2)
Groupe Bruxelles Lambert BFR3008 964◆3045,3060 (24/2)
Haoma North West 2 (24/2)
Harland (John H) Co $20¼◆ (24/2)
Hi-two 88 (23/2)
Hooker Corp 71 (24/2)
Hunter Resources A$0.382
Hysan Development HK$0.82 (19/2)
Japan Radio Y1530 (22/2)
Kalgoorlie Resources $0.124 (24/2)
Kerr Addison Mines 800 (23/2)
Kreditkassen NKR135.54 (23/2)
Kulim Malaysia Ord 19 (24/2)
Kulim Malaysia Ord (Malay Ord) 19◆ (24/2)
Matsushita Electric Industrial Y2305
McCarthy Group R6.95
Mid-East Minerals 22
Mitsubishi Heavy Inds Y629
Murray & Roberts Hldgs 280◆
National Electronics (Consolidated) 6◆ (24/2)
Nationale-Nederlanden CVA FL56.1,56 2,56½,56 6,56 7,56¾,56.85
New Zealand Goldfields NZ$0.15
Nexus Resources 81 73◆ (23/2)
Nugini Mining A$3 762 (24/2)
North Flinders Mines A$5.782 (23/2)
Oil Search 39,40
Oilmet A$0 119 (24/2)
Pechiney Ugine Kuhlmann FR213◆ (19/2)
Petro Energy 3 (22/2)
Philips Kommunikations Industries DM682½◆631◆ (23/2)
Phillips Cables 775
Pioneer Electronic Y2815
Poseidon A$2.3
Quaker State $19.83◆ (23/2)
Regal Hotels (Hldgs) 11◆ (19/2)
Rorer Group $54⅞◆57.55,59 (19/2)
Selangor Coconuts 30◆
Sky Line Explorin 475 (24/2)
Snap-on Tools Corp £21⅛ (23/2)
Societe Nationale Elf Aquitaine FR266.38◆ £26.6 FR265 8,266 267,268
Source Perrier FR595◆600,610 (24/2)
Sun Hung Kai Co 8¼◆ (19/2)
Sun Hung Kai Properties HK$8.55
Swire Pacific 'B' HK$2.7,2.725 (23/2)
Target Petroleum Ord A$0.602
Target Petroleum 10 A$0.231 (23/2)
Village Main Reef 95 (22/2)
Waltons Bond A$¼ (19/2)
Wattle Gully Gold Mines A$0.071 (24/2)
Westfield Minerals C$2.6◆ 105 (19/2)
Wharf Hldgs 44 (24/2)
Whitehall Corp 663½◆
Zanex 1

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

All England Lawn Tennis Ground £500 Deb 1986/90 £24,750 (23/2)
Ann Street Brewery 700 (22/2)
Appleton Hldgs. 12
Barbican Hldgs 1¾,2 (24/2)
Do. New 1½,¾ (23/2)
Barrington Intl. Income 155
Bolton House Invs. 60,2 (24/2)
Celltech 410 (19/2)
Dart Valley Light Rlwy 205,10 (23/2)
Dolphin Intl 29 (22/2)
Electrak Hldgs. 20
Exchem 70 (24/2)
Fidelity Intl American Income Fund 89.18
Do. American Income Trust 89.18
Fredericks Place Hldgs. 60
GBA-Geigy (Fin. Services) 8% Cv. Gtd. Ln.81/94 £275 (19/2)
Grampian TV 53 (24/2)
Le Riches Stores 390 (23/2)
Liverpool FC £255 (22/2)
Mid Southern Water 4% Perp. Deb. £25 (19/2)
National Parking Corpn. 290 (19/2)
Newbury Racecourse £1150 (24/2)
Peveril Group 14¼
Pittencrieff Pet 45
Rangers FC £13 (24/2)
Shepherd Neame 500,10 (24/2)
Southern Newspapers 310,25 (24/2)
Sutton Harbour Improvement 430 (24/2)
Thwaites (Daniel) 740,54 (22/2)
Watmoughs 6% 2nd. Cum. Prf. 41,4 (24/2)
Weetabix A 375,80 (22/2)
Wistech 52⅛
Wynnstay Properties 132 (23/2)

By Permission of the Stock Exchange Council

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday February 25 1988.

Investment Trusts	+ 11.06	Insurance(Composite)	+ 4.62
Motors	+ 10.99	Electricals	+ 4.53
Contracting,Construction	+ 10.89	Electronics	+ 4.40
Telephone Networks	+ 10.31	Publishing & Printing	+ 4.20
Shipping & Transport	+ 9.58	Financial Group	+ 3.95
Conglomerates	+ 9.43	Consumer Group	+ 3.41
Leisure	+ 9.43	Brewers and Distillers	+ 3.18
Property	+ 9.42	Packaging & Paper	+ 3.16
Health & Household Products	+ 9.03	Food Manufacturing	+ 3.10
Agencies	+ 8.64	Banks	+ 2.80
Mechanical Engineering	+ 8.64	Chemicals	+ 2.63
Building Materials	+ 7.40	Metals & Metal Forming	+ 2.61
Overseas Traders	+ 7.16	Insurance(Life)	+ 1.81
Capital Goods	+ 6.97	Insurance(Brokers)	+ 0.33
Other Groups	+ 6.78	Stores	- 0.52
Other Industrial Materials	+ 5.36	Food Retailing	- 0.65
Industrial Group	+ 5.21	Merchant Banks	- 0.74
500 Share Index	+ 5.20	Textiles	- 0.85
Oil & Gas	+ 5.19	Mining Finance	- 7.58
All Share Index	+ 5.08	Gold Mines Index	- 17.61

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	51	50	13	346	170	54
Corporations, Dom. and Foreign Bonds	20	1	31	61	39	160
Industrials	292	475	792	2,483	1,495	3,817
Financial and Props	96	184	359	967	599	1,629
Oils	16	47	46	135	142	271
Plantations	1	0	12	5	9	51
Mines	34	75	90	182	328	485
Others	51	104	105	378	362	546
Totals	561	936	1,448	4,557	3,144	7,013

BANK RETURN

BANKING DEPARTMENT	Wednesday February 24, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	94,913,670	- 9,837,450
Bankers Deposits	1,040,503,120	- 16,629,379
Reserve and other Accounts	1,927,953,951	- 524,246,136
	3,077,923,741	- 550,712,965
ASSETS		
Government Securities	610,223,178	- 143,875,000
Advance and other Accounts	840,059,308	- 2,744,906
Premises Equipment & other Secs	1,617,286,652	- 406,859,664
Notes	10,050,149	+ 2,767,835
Coin	305,454	- 1,230
	3,077,923,741	- 550,712,965

ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	13,279,949,851	+ 27,232,165
Notes in Banking Department	10,050,149	+ 2,767,836
	13,290,000,000	+ 30,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	1,308,445,218	- 650,631,541
Other Securities	11,970,539,682	+ 680,631,541
	13,290,000,000	+ 30,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clydesdale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm.Bk.N.East	9	Norwich Gen. Trust	9
American Exp.Bk	9	Consolidated Cred	9	PK Finans. Int(UK)	9½
Henry Ansbacher	9	Co-operative Bank	*9	Provincial Bank PLC	10
ANZ Banking Group	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
Associates Cap Corp	10	Dunbar Bank PLC	9	Roxburghe G'rantee	9½
Authority Bank	9	Duncan Lawrie	9	Royal Bk of Scotland	9
B & C Merchant Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Smith & Williams Secs.	9
Bank Hapoalim	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank Credit & Comm	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	‡10.2
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Bk of Kuwait	9
Bank of Ireland	9	Girobank	9	United Mizrahi Bank	9
Bank of India	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of Scotland	9	● Guinness Mahon	9	Western Trust	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Barclays Bank	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Benchmark Bank PLC	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9	Lloyds Bank	9		
CL Bank Nederland	9	Meghraj Bank Ltd	9		
Central Capital	9	Midland Bank	9		
● Charterhouse Bank	9	● Morgan Grenfell	9		
		Mount Bnkg Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Sayewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 4.00%. Mortgage 9.75% - 10%

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	Last	Aug. 88 Vol	Last	Nov. 88 Vol	Last	Stock
GOLD C	$ 420	10	26	-	-	-	-	$ 431
GOLD C	$ 440	105	13.50	5	25 A	-	-	$ 431
GOLD C	$ 460	36	7	24	24.50	-	-	$ 431
GOLD C	$ 480	17	3.10 A	10	9.50 A	90	16	$ 431
GOLD C	$ 500	53	2	2	5.50	-	-	$ 431
GOLD P	$ 400	-	-	75	7.50	-	-	$ 431
GOLD P	$ 420	51	8.10 B	39	12.50	15	16	$ 431
GOLD P	$ 440	14	17.50	20	21.50	10	23.50	$ 431
GOLD P	$ 480	33	49	-	-	-	-	$ 431
		Mch. 88		Jun. 88		Sep. 88		
SILVER C	$ 650	-	-	-	-	20	40	$ 621
SILVER P	$ 700	10	85	-	-	-	-	$ 621
		Mch. 88		Apr. 88		May 88		
EOE Index C	FL 175	85	17	-	-	-	-	FL 190.86
EOE Index C	FL 180	37	12.50	-	-	-	-	FL 190.86
EOE Index C	FL 185	6	9 B	205	11.30	-	-	FL 190.86
EOE Index C	FL 190	13	5.20 B	2	8.70	20	11	FL 190.86
EOE Index C	FL 195	24	3.40	200	6.10 A	-	-	FL 190.86
EOE Index P	FL 165	10	0.60	-	-	-	-	FL 190.86
EOE Index P	FL 170	25	0.70	-	-	-	-	FL 190.86
EOE Index P	FL 175	38	1.10	42	3.10	-	-	FL 190.86
EOE Index P	FL 180	37	2 A	58	4.70	-	-	FL 190.86
EOE Index P	FL 185	65	3.10	31	6	50	9.40	FL 190.86
EOE Index P	FL 190	24	5	-	-	4	12	FL 190.86
EOE Index P	FL 195	43	7.70	-	-	1	13.70	FL 190.86
$/FI C	FL 190	26	1.90	523	2.60	-	-	FL 189.80
$/FI P	FL 185	15	0.50	3	1.90	10	2.80	FL 189.80
$/FI P	FL 190	35	2.60	-	-	-	-	FL 189.80
		Apr. 88		Jul. 88		Oct. 88		
ABN C	FL 40	701	1.10	143	1.80	146	2.50	FL 39.20
ABN P	FL 40	89	1.80	59	3.50	31	5	FL 39.20
AEGON C	FL 70	59	1.20	5	2.40	-	-	FL 65.70
AHOLD C	FL 80	31	0.90	20	2	-	-	FL 73
AHOLD P	FL 60	38	0.50	-	-	-	-	FL 73
AKZO C	FL 100	1379	4.80	206	6.80	37	9.40	FL 100
AKZO P	FL 90	119	1.10	61	4.80	32	6.50	FL 100
AMEV C	FL 45	30	1.90 A	9	2.80	2	3.90	FL 44.30
AMEV P	FL 50	250	6.20	-	-	250	8.70	FL 44.30
AMRO C	FL 65	901	1.70	346	2.60	16	3.50	FL 63.70
AMRO P	FL 65	37	2.80	25	5	50	6.50	FL 63.70
ELSEVIER C	FL 45	92	3.50	-	-	-	-	FL 46.80
ELSEVIER P	FL 55	53	8.70	16	9.50	-	-	FL 46.80
GIST-BROC. C	FL 30	5	1.70	88	2.60	1	3	FL 30.10
GIST-BROC. P	FL 27.50	13	0.90	2	2.20	-	-	FL 30.10
HEINEKEN C	FL 120	24	3.90	9	7.60	-	-	FL 117
HEINEKEN P	FL 120	30	7	-	-	-	-	FL 117
HOOGOVENS C	FL 30	111	2	31	3.20	-	-	FL 30
HOOGOVENS P	FL 30	48	1.80	4	3	2	3.50	FL 30
KLM C	FL 30	115	4.30	25	5.50	52	6	FL 33.70
KLM P	FL 30	144	0.70	5	1.40	-	-	FL 33.70
NEDLLOYD C	FL 190	74	13.90	-	-	5	24	FL 191
NEDLLOYD P	FL 190	60	12.50	-	-	-	-	FL 191
NAT.NED. C	FL 50	255	7.30	263	8	-	-	FL 57
NAT.NED. P	FL 55	20	1.50	27	3	-	-	FL 57
PHILIPS C	FL 55	204	0.10	-	-	-	-	FL 26.40
PHILIPS P	FL 27.50	153	2.80	53	3.30	28	4 B	FL 26.40
ROYAL DUTCH C	FL 220	334	4	256	6.60	6	8.50	FL 213.50
ROYAL DUTCH P	FL 210	383	4.20 A	90	11	29	14.80	FL 213.50
ROBECO P	FL 85	-	-	25	3.50	-	-	FL 88.50
UNILEVER C	FL 120	358	2.50	44	5.30	148	6.30	FL 112.90
UNILEVER P	FL 110	148	3.50	44	7	3	8.70	FL 112.90

TOTAL VOLUME IN CONTRACTS : 21,109

A=Ask B=Bid C=Call P=Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

مكتبة الأصل

FT UNIT TRUST INFORMATION SERVICE

Schlesinger Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6993/4/5

Schroder Global Gth Acc	28.3	30.2	+0.1	–
Do. Income	28.2	30.0	–0.2	0.19
Schroder European Acc	21.0	22.4	+0.2	–
Do Income	21.0	22.4xd	+0.2	0.11
Schroder UK Eq Inc Acc	35.5	37.4	+0.1	–
Do Income	33.2	35.0xd	+0.1	5.40
UK Cap Gth Acc	23.7	25.0	+0.3	0.75
Schroder Pac Basin Acc	29.5	31.4	–0.1	–
Schroder Mngd Exempt*	139.1	144.9xd	+1.0	–

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrew Sq, Edinburgh 031-558 1051

Intnl Income Units	129.4	137.7	–	3.57
Intnl Accum Units	198.0	210.6	–	3.57
UK General Acc	37.2	39.6	–0.2	3.38
UK General Inc	35.8	38.3	–0.2	3.38
American	27.2	29.1	–0.2	2.13
European	35.4	37.9	+0.3	1.26
Japan	58.1	62.1	+0.2	0.03
Technology	34.9	37.3	–	2.29
Performance Trusts				
Far East Perf Tst	17.6	18.8	–	2.00
High Inc Perf Tst Inc	23.3	24.9	–0.1	5.36
High Inc Perf Tst Acc	23.7	25.4	–0.1	5.36
Worldwide Tact Perf Tst	27.9	29.7	+0.1	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	205.6	219.9	–0.2	2.70
Columbus (US)	131.4	140.1	–1.4	1.35
Marco Polo (Pac)	213.2	228.1	+0.8	0.28
Da Vinci (Eur)	223.1	238.7	+1.8	1.62
Drake (Ww)	52.1	55.8	+0.2	2.49

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	200.1	212.9	–0.1	2.82
UK Smlr. Cos. Equity	206.5	219.5	+0.2	2.04
UK Special Situations	59.1	62.9	+0.2	3.71
Income Plus	51.6	54.9	–0.1	5.21
European	161.4	171.8	+0.5	1.74
Far Eastern	50.0	53.2	+0.6	2.57
Japanese †	55.4	59.0	+0.3	–
North American	112.4	119.6	–1.8	1.46
International Growth	108.1	115.1	–0.6	1.35
Worldwide Venture	51.9	55.3	+0.2	3.66

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-558 2341/2/3

Equity Growth Tst Acc	17.30	18.52	+0.04	2.97
Equity Growth Tst Inc	17.30	18.52	+0.04	2.97
Intl Growth Tst Acc	17.98	19.24	–0.08	1.45
Intl Growth Tst Inc	17.98	19.24	–0.08	1.45
Global Income Tst Acc	18.90	20.23	+0.05	4.89
Global Income Tst Inc	18.90	20.23	+0.05	4.89
Market Leaders Tst Acc	16.40	17.55	+0.01	3.02
Market Leaders Tst Inc	16.17	17.31	–	3.02

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-686 4355

TUUT Feb 1	213.5	224.8	–	3.38

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	144.5	155.4	–	1.60

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3999

Convertible & General	58.2	60.5xd	–0.1	6.47
Accum Units	59.0	62.6	–0.1	–
Income	79.0	83.8	–0.2	5.13
Accum Units	79.0	83.8	–0.2	–
Smaller Co's	81.2	87.0xd	–	1.65
Accum Units	82.1	88.0	–	–
UK Growth	85.7	90.8	+0.1	2.08
Accum Units	85.7	90.8	+0.1	–
Pacific Gold Tst Acc	47.6	50.5	–	–

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	57.6	61.3	+0.3	1.34
Technical Analysis Fd	49.5	52.7	+0.1	3.45

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	171.6	182.6	–	1.66
Friars Hse Inc Fd	148.6	156.4	–	3.86

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

United Charities	167.7	178.4	–0.4	4.75

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Glenfriars	181.4	193.0	+2.4	1.61
(Accum Units)	184.9	196.7	+2.4	–
Far East & Gen	55.4	58.9	+0.6	–
(Accum Units)	55.4	58.9	+0.6	–
Master Portfolio	65.909	67.640xd	+0.221	3.04
(Accum Units)	67.776	69.514	+0.228	–
American & Gen	56.6	60.2	–0.6	2.00
(Accum Units)	57.3	61.0	–0.6	–
Growth	208.6	221.9xd	+0.4	1.93
(Accum Units)	314.4	334.7	+0.6	–
High Yield	262.4	279.2xd	+1.6	4.57
(Accum Units)	281.3	299.5	+1.8	–
Special Sits	51.4	54.7xd	+0.2	1.97
(Accum Units)	53.1	56.5	+0	–
Trustee	156.0	166.0	+1	4.17
(Accum Units)	251.1	267.1	+1	–
European Fund Inc	36.0	38.3	+0.2	0.80
(Accum Units)	36.2	38.5	+0.3	–

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assoc.	365.4	384.7	—	—
Ebr'r Ph. Eq.	334.1	356.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	161.1	169.5	-0.4	—
International Acc.	127.3	133.9	-0.6	—
Property Acc.	125.4	131.9	+2.1	—
Fixed Interest Acc.	154.1	162.2	+1.0	—
Money Acc.	136.7	143.8	+0.1	—
Bldg. Soc. Link Acc.	133.6	140.6	+0.1	—
Special Mngd. Acc.0	144.5	152.1	—	—
Phoenix/Framlington				
Intnl. Growth Acc.	89.0	93.6	+0.7	—
Amer. & Gen. Acc.	82.1	86.4	+0.4	—
Capital Tst. Acc.	169.1	177.9	—	—
Japan & Gen Acc.	180.3	189.7	-0.3	—
American Turn. Acc.	82.9	87.2	+1.1	—
Recovery Tst. Acc.	165.0	173.6	—	—
Special Mngd Acc.	141.6	149.0	+0.5	—
Phoenix/GT				
International Acc.	123.6	130.1	+0.3	—
US & General Acc.	91.9	96.7	+0.7	—
Amer Spec Sits Acc.	65.2	68.6	+1.0	—
Japan & General Acc.	174.4	183.5	+0.8	—
Far East & Gen. Acc.	137.6	144.8	+0.3	—
UK Capital Acc.	170.6	179.5	+0.8	—
European Acc.	134.9	141.9	+0.2	—
Special Magd. Acc.	125.2	131.7	+0.7	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	260.3	274.0	—	—
Max Pen Inc & Cap Fds.	330.5	347.9	—	—
Money Fund	111.3	117.2	—	—
Pens. Mngd Fd (Init)	81.8	86.2	—	—
Pens Mngd Fd (Acc)	91.9	96.8	—	—

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prudent
Managed Feb 24 | 193.6 | 203.8 | — |

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	430.9	453.6	+0.8
Equity Fd.	868.7	914.5	+0.1
Intnl. Fd.	305.8	321.9	-0.9
Fixed Int. Fd.	364.8	384.2	+2.9
Prop. Fd.	305.8	321.9	+2.9
Cash Fd.	234.2	246.6	-0.1
Pacific Basin Fd.	169.5	178.5	+0.3
North American Fd.	123.6	130.2	-1.6
European Fd.	132.1	139.1	+0.5
Holborn Balanced Gwth Fd	98.1	103.3	+0.2
Holborn Strategic Gwth Fd	96.9	102.2	+0.2

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	458.5	482.7	-0.1
Equity	649.0	683.2	-2.5
Global Equity	193.9	204.2	+0.3
Fixed Interest	369.4	388.9	+0.9
Property	306.6	322.8	+3.8
Cash	137.7	145.0	—
Index Linked Gilt	163.7	172.4	+0.9
Guaranteed	8.93		—
International Money	187.5	197.4	-0.1
North American Fd.	54.6	57.5	-0.5
Japanese Fund	124.5	131.1	+0.2
European Fund	70.4	74.2	+0.4
Special Situations Fd	94.5	99.5	-0.3
Communications Fund	78.5	82.7	—
Smaller Cos Fund	93.4	98.4	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
102¼	99⅝	Exch 10½pc '88	100½	—	10.48	9.14
101⅝	98⅜	Treas 9¾pc Cv '88	100⅛	—	9.74	9.18
98⅞	93⅝	Transport 3pc '78–88	98⅝	—	3.04	6.49
101⅝	98¼	Treas. 9½pc '88	100⅛	—	9.49	9.22
105⅝	101⅞	Treas 11½pc 1989	102⅞	−⅛	11.27	9.26
102⅞	97⅝	Treas 9½pc Cnv 1989	100⅛	—	9.48	9.29
96⅞	89¼	Treas 3pc 1989	96⅛	+⅛	3.12	6.38
104⅞	99⅝	Treas 10½pc 1989	101⅝	+⅛	10.36	9.31
103¼	98⅞	Exch 10pc 1989	100⅝	—	9.91	9.30
105⅞	100⅛	Exch 11pc 1989	102⅝	+⅛	10.74	9.30
96¼	89⅝	Treas 5pc 1986–89	96¼	+⅛	5.20	7.55
108⅞	99⅝	Exch 10¼pcCv '89	103⅜	+⅛	9.92	8.11
111⅞	104⅝	Treas 13pc 1990‡‡	106⅜	+⅛	12.23	9.21
106½	100⅝	Exch 11pc 1990‡‡	103⅛	+⅛	10.67	9.21
110¼	103⅝	Exch. 12½pc 1990	105⅝xd	+⅛	11.80	9.29
92⅝	84½	Treas. 3pc 1990	92⅛	+⅛	3.25	6.91
100⅜	93⅝	Treas 8¼pc 1987–90‡‡	98⅝	+⅛	8.37	8.93
101⅞	98	Treas. 8pc Cv 1990	100⅝	−⅛	7.95	7.70
105	97½	Treas. 10pcCv 1990	101⅝	—	9.84	9.29
91⅛	81⅞	Exch 2½pc 1990	89⅞	+⅛	2.79	6.72
110½	102⅝	Treas 11¾pc 1991	106⅝	+⅛	11.08	9.27
95⅛	87¼	Funding 5¾pc '87–91‡‡	93⅝	+⅛	6.15	8.16
90⅞	80¼	Treas. 3pc 1991	88⅝	+⅛	3.39	7.10
110⅝	98½	Treas 10pc Cv '91 ‡‡	103⅝	—	9.65	8.72
109⅝	101⅝	Exch. 11pc 1991	105⅛	−⅛	10.44	9.28
99	91⅝	Treas. 8pc 1991	96⅝	−⅛	8.31	9.16
116⅞	107⅞	Treas 12¾pc 1992‡‡	111⅝	−⅛	11.49	9.28
106⅞	97⅝	Treas 10pc 1992	102⅞	−⅛	9.77	9.26
99½	90⅝	Treas. 8pc 1992 ‡‡	95⅝	−⅛	8.34	9.19
108⅞	99½	Treas 10½pc Cv 1992‡‡	104⅛	−⅛	10.08	9.28
86¼	79⅞	Treas. 3pc 1992	84⅝	+⅛	3.55	7.23
115⅞	105⅝	Exch. 12¼pc '92	110⅝	−⅛	11.08	9.30
121⅞	110⅝	Exch 13½pc 1992	115⅛xd	−⅛	11.73	9.34
		Five to Fifteen Years				
107⅞	97⅞	Treas 10pc 1993‡‡	102¾	−⅛	9.73	9.29
118⅞	107½	Treas 12½pc 1993‡‡	113⅛	−⅛	11.05	9.33
95⅞	82⅝	Funding 6pc 1993‡‡	92⅛xd	+⅛	6.51	7.77
125⅞	113¼	Treas 13¾pc 1993‡‡	118¾	−⅛	11.57	9.41
129⅝	117½	Treas 14½pc 1994‡‡	122⅞xd	−⅛	11.80	9.40
124⅝	112⅝	Exch 13½pc 1994	118⅛	−⅛	11.41	9.48
107⅞	97⅛	Treas. 10pc Ln. 1994‡‡	103⅛	−⅛	9.69	9.30
120⅞	106⅞	Exch. 12½pc 1994	114⅝	−⅛	10.93	9.47
103¼	92⅝	Treas 9pc 1994‡‡	99⅛	−⅛	9.08	9.17
118¼	105⅞	Treas 12pc 1995	112½	−⅛	10.67	9.48
84¼	76	Exch 3pc Gas 90–95	82⅝	−⅛	3.63	6.02
109⅞	97¼	Exch. 10¼pc 1995	104⅛	−⅛	9.81	9.39
123⅝	110⅞	Treas 12¾pc 1995‡‡	117⅝	−⅛	10.85	9.47
130⅝	116¼	Treas. 14pc '96	123⅝	−⅛	11.31	9.61
102⅝	92	Treas. 9pc 1992–96‡‡	98⅝xd	+⅛	9.10	9.20
139⅞	123⅝	Treas 15¼pc 1996‡‡	131⅛	−⅛	11.59	9.58
127⅞	113⅞	Exch 13¼pc 1996‡‡	121⅛	−⅛	10.94	9.48
89⅞	81¼	Redemption 3pc 1986–96	85⅛xd	−⅛	3.51	5.11
108⅞	95⅝	Conversion 10pc 1996	103⅛	−⅛	9.69	9.44
128⅝	113½	Treas 13¼pc 1997‡‡	121⅝	−⅛	10.88	9.54
111⅝	98¼	Exch 10½pc 1997	106⅛	−⅛	9.89	9.46
101⅞	88⅝	Treas 8¾pc 1997‡‡	96⅝xd	−⅛	9.06	9.30
96⅞	92½	Tr 8¾pc Ln "C" 1997	96⅝	—	9.08	9.30
140⅞	123⅝	Exch 15pc 1997	132⅝	−⅛	11.32	9.72
106⅞	93⅞	Exch. 9¾pc 1998	101⅝	−⅛	9.57	9.45
88⅞	78	Treas 6¾pc 1995–98‡‡	85⅛	+⅛	7.94	9.01
145⅝	128⅛	Treas. 15½pc '98‡‡	137⅝xd	+⅛	11.24	9.69
122⅞	107⅞	Exch. 12pc 1998	116⅛	+⅛	10.33	9.54
106⅝	92⅝	Treas 9½pc 1999‡‡	101⅝	+⅛	9.36	9.26
124⅝	109⅞	Exch. 12¼pc 1999	118⅝xd	+⅛	10.36	9.54
113	98½	Treas. 10½pc 1999	107⅛	—	9.79	9.43
112⅞	96⅝	Conversion 10¼pc 1999	105⅝	+⅛	9.70	9.43
100¼	86⅝	Treas. 8½pc Ln 2000‡‡	94⅝	−⅛	8.96	9.21
103⅞	89½	Conversion 9pc 2000‡‡	98⅛xd	−⅛	9.18	9.26
131⅜	114⅝	Treas. 13pc 2000	124⅝	+⅛	10.46	9.59
110⅞	95⅝	Treas 10pc 2001	104⅞xd	+⅛	9.54	9.35
134⅞	118⅝	Treas. 14pc '98–01	127⅝	+⅛	10.99	9.70
108⅞	93⅝	Conversion 9¾pc 2001	103⅛	+⅛	9.45	9.33
122⅝	107	Exch. 12pc '99–02	116⅛	+⅛	10.33	9.57
110⅞	96	Conversion 10pc 2002	105¼	−⅛	9.50	9.31
109	94⅞	Treas 9¾pc 2002	103½xd	−⅛	9.42	9.30
103	89	Exch. 9pc 2002	98⅛	−⅛	9.18	9.24
		Over Fifteen Years				
136⅝	119⅞	Treas. 13¾pc 2000–03	129⅝	−⅛	10.62	9.63
111⅞	96⅜	Treas 10pc 2003	106⅛xd	−⅛	9.43	9.25
121⅞	105⅜	Treas. 11½pc 2001–04	115⅛xd	−⅛	9.97	9.43
111⅞	96⅝	Treas. 10pc 2004	106⅛	−⅛	9.41	9.24
59⅞	51⅝	Funding 3½pc '99–04	57⅝	−⅛	6.03	8.20
107⅞	92⅞	Conversion 9½pc 2004	102⅞	−⅛	9.27	9.20
107⅝	92⅝	Conversion 9½pc 2005	102⅛	−⅛	9.26	9.19
116⅞	101⅞	Exch.10½pc 2005	111⅛xd	−⅛	9.44	9.19
132⅝	115	Treas. 12½pc 2003–05	125⅝	−⅛	9.92	9.31
94⅝	81½	Treas. 8pc 2002–06‡‡	90¼	−⅛	8.87	9.10
110⅝	95	Conversion 9¾pc 2006	104⅝	−⅛	9.30	9.20
126¼	108⅝	Treas. 11¾pc 2003–07	119⅝	−⅛	9.83	9.29
99⅞	85⅛	Treas 8½pc 2007 ‡‡	95⅛	−⅛	8.95	9.05
142⅞	123⅞	Treas. 13½pc '04–08	134⅝xd	−⅛	10.01	9.28
104⅝	89⅝	Treas. 9pc 2008 ‡‡	99⅝	−⅛	9.05	9.05
102	90¼	Treas. 9pc Ln 2008 "A"	99⅝	−⅛	9.05	9.05
94⅝	81⅛	Treas 8pc 2009	90⅛xd	−⅛	8.85	9.01

BRITISH FUNDS — Contd

1987/88 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101⅝	89⅞	Conv 9pc Ln 2011	99⅝	−⅛	9.05	9.05
69⅝	59⅞	Treas. 5½pc 2008–12‡‡	66⅞xd	−⅛	8.22	8.82
91⅞	79⅞	Treas. 7¾pc 2012–15‡‡	87⅝	−⅛	8.87	9.00
134⅝	116⅝	Exch. 12pc '13–'17	128⅝	−⅛	9.36	9.12
		Undated				
45⅝	39⅝	Consols 4pc	43⅝	+⅛	9.17	–
41⅞	34⅝	War Loan 3½pc‡‡	38⅝	+⅛	8.99	–
52⅞	46⅛	Conv. 3½pc '61 Aft	50⅝xd	+⅛	6.91	–
34⅞	29⅝	Treas. 3pc '66 Aft	32⅜	+⅛	9.27	–
29⅞	24⅝	Consols 2½pc	27⅝	+⅛	9.07	–
29⅝	24⅝	Treas. 2½pc	27⅝xd	+⅛	9.07	–
		Index-Linked			**(1)**	**(2)**
119⅝	108⅝	Do. 2pc '90(333.9)	118⅛	+⅛	0.77	2.19
101¼	93½	Do. 2pc '92‡‡ (385.8)	99⅞xd	+⅛	2.05	2.73
130⅝	119⅛	Do. 2pc '96(267.9)	130⅛xd	+⅛	3.33	3.66
111½	96⅝	Do 2½pc '01 (308.8)	109½xd	+⅛	3.66	3.90
110	94⅛	Do. 2½pc '03(310.7)	107⅛	+⅛	3.69	3.90
113⅞	94⅝	Do. 2pc '06(274.1)	108⅞	+⅛	3.74	3.92
108	89⅛	Do. 2½pc '09(310.7)	101⅝	+⅛	3.73	3.90
113⅝	93⅛	Do. 2½pc '11(294.1)	105⅞	+⅛	3.74	3.90
95⅝	76⅝	Do. 2½pc '13(351.9)	88⅛	+⅛	3.69	3.84
103⅞	83⅝	Do. 2½pc '16(322.0)	95⅛	+⅛	3.66	3.80
101⅝	81⅞	Do. 2½pc '20 (327.3)	93⅛	+⅛	3.60	3.73
86⅝	68⅞	Do. 2½pc '24 ‡‡(385.3)	79⅞	+⅛	3.53	3.65

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for June 1987:101.9 and for January 1988: 103.3
(rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987/88 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
113⅞	97⅞	African Dv Bk 11¼Ln 2010	107⅛	+⅛	10.39	10.29
109⅜	93	Asian Dev Bk 10¼pcLn2009	103	+⅛	9.95	9.91
136	117⅞	Australia 13½pc 2010	128⅛	+⅛	10.53	10.26
118¼	100½	Do. 11¾pcLn2015	111⅝	+⅛	10.20	10.12
115⅝	99⅝	Euro Inv Bk 11pc Ln 2002	109	+⅛	10.09	9.82
110⅜	94⅞	Do. 10¼pc2004	104⅝	+⅛	9.93	9.80
126¼	109⅝	Int–Am Dev Bk 12½pc 2003	118⅞	+⅛	10.52	10.02
104⅝	88⅛	Do. 9¾pcLn 2015	97⅜	+⅛	10.01	10.02
97⅞	83	Mlysia 10⅞pcLn 2009	92⅛xd	+⅛	11.80	11.87
130⅞	100⅛	Sweden 13½pc Ln 2010	128⅝	+⅛	10.50	10.20
103½	87⅝	Utd. Mexican States 16½pc 2008	103xd	—	16.02	10.00

CORPORATION LOANS

1987/88 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
109⅝	103	Birmingham 13½pc 1989	105¼	—	12.83	10.06
119	100½	Do. 11½pc 2012	109⅝	+⅛	10.48	10.38
95¾	82½	GLC 6¾pc 1990–92	90⅝xd	—	7.44	9.70
132½	115	Leeds 13½pc 2006	120	—	11.25	10.97
35	22	Liverpool 3½pc Irred	30	—	11.67	–
96	85	LCC 6¾pc '88–90	92¾	+¼	7.28	10.20
31½	21	Do. 3pc '20 Aft	30xd	—	10.00	–
115	103½	Manchester 11½pc 2007	108½	—	10.60	10.50

COMMONWEALTH & AFRICAN LOANS

1987/88 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
92¾	81¼	NZ 7¼pc 1988–92	91¼	—	7.95	9.70
207	165	S Rhod 2½pc Non–Asstd.	206½	—	–	–
78	65	Do. 4½pc 87–92 Asstd.	78	—	–	–
860	70	Zimbabwe Ann (£100pa)	92	—	–	–

LOANS

1987/88 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		Building Societies				
101⅝	99⅞	N'Wide 10½pc 7.3.88	100⅛	—	10.48	9.30
101⅛	99⅜	Do. 9⅝pc 11.4.88	100	—	9.94	9.52
102	98	Do. 9⅝pc 3.5.88	99⅝	—	9.69	9.64
101	98⅜	Do. 8⅞pc 23.5.88	99⅛	—	8.90	9.63
100⅛	98⅛	Do. 8⅞pc 20.6.88	99⅛	—	8.97	9.67
100⅝	98⅝	Do. 9⅝pc 11.7.88	99⅝	—	9.63	9.72
100⅝	99	Do. 10pc 1.8.88	100⅛	—	9.99	9.76
101⅛	99⅜	Do 10½pc 22.8.88	100⅝xd	—	10.52	9.76
101⅝	99⅞	Do. 10⅞pc 12.9.88	100⅛	—	10.75	9.76
101⅞	99¼	Do. 10⅝pc 26.9.88	100⅝	—	10.59	9.92
101⅞	100⅛	Do. 10¼pc 31.10.88	100⅛	—	10.18	10.01
100⅛	99⅛	Do. 9¼pc 28.11.88	99⅛	—	9.31	10.09
100⅝	99⅜	Do. 9¾pc 28.12.88	99⅝	—	9.84	10.10
100¼	99⅝	Do. 9⅝pc 23.1.89	99⅝	—		
102⅜	84	Do. 3⅞pcIL Ln 2021	92½	—	4.41	4.56
		Public Board and Ind.				
94¾	84	Agric. Mt. 5pc '59–89	92	—	5.43	10.90
48	38½	Met. Wtr. 3pc 'B'	46xd	−¼	6.52	10.04
		Financial				
107	99	Inv in Ind 11½pc Un Ln '90	103	+⅛	11.41	9.91
98½	83½	Do 7¼pcADb89–92	93	+⅛	7.80	9.06
113½	103	Do. 12½pc Un. Ln. 1992	108¼	+⅛	11.55	9.956
98½	81⅜	Do. 7¼pc A 1991–94	92½xd	+⅛	7.92	8.98
101½	89⅞	Do. 9pc A 1991–94	100	+⅛	9.00	8.99
100	85⅞	Do. 8¼pc Ln 1992–97	98⅜xd	+⅛	9.02	9.14

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45	—	3.50	17.78
52	40	Do. 6pc 28 Stb. Ass.	45	—	3	16.67
50	45	Do 4pc Mixed Ass.	45	—	2	14.44
75	52	Hung. '24 Ass.	75	—	2.75	13.67
146½	122⅞	Hydro Quebec 15pc 2011	138⅝	+⅛	15.00	10.54
136¼	115⅝	Iceland 14½pc Ln 2016	126⅛	+⅛	14.50	11.32
103½	94	Ireland 9¾pc '91–96	100½xd	+¼	9.75	9.70

AMERICANS

1987/88 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
42	23⅝	Abbott Laboratories$	28⅛	−⅛	$1.00	–	1.9
40⅝	20¼	Alcoa $1	25⅝	—	$1.20	–	2.6
18⅞	420p	♥Allegheny & W 1c	550p	+10	30c	–	3.0
19⅞	7⅞	Amax $1	9⅞	−⅛	–	–	–
30⅞	13½	Amdahl 5c	19⅞	−⅛	20c	–	0.6
35⅞	18⅝	Amer. Cyanamid $5	26½xd	−1⅛	$1.05	–	2.2
25⅝	11⅞	Amer. Express 60c	14⅝xd	−⅛	76c	–	2.9
12⅞	636p	Amer. Medical Inc. $1	777p	+11	472c	–	5.1
22½	14¼	American T & T. $1	16½	−⅛	$1.20	–	4.0
65½	43½	Ameritech $1	52⅛	−⅛	h$4.72	–	5.0
24⅝	14⅛	Amfac $1	19⅜	—	–	–	–
25	16	Anheuser–Busch $1	18⅛xd	+⅛	60c	–	1.8
98p	33p	♥ArmTech$	76½p	—	–	–	–
10⅝	3⅝	BankAmerica $1⅝	4⅝	−⅛	–	–	–
34⅞	14⅝	Bankers N.Y. $10	19½	−⅛	$1.66	–	4.7
49½	34½	Bell Atlantic $1	39⅝	−⅛	$3.84	–	5.3
27	18	BellSouth Corp.	23⅛	−⅛	$2.20	–	5.2
11⅝	4⅛	♥Bethlehem Steel $8	11½	—	–	–	–
20⅞	624p	Bio–Rad Labs. Inc. "A"	995p	+22	–	–	–
27⅞	13⅜	Bowater Inc.	18⅜	—	92c	–	2.7
21⅞	12⅛	Browning–Ferris 16⅔c	14⅞	−⅛	48c	–	1.8
18⅝	6⅞	Brunswick 75c	10⅝	−⅛	36c	–	1.8
36⅝	19⅝	CPC Intnl. 25c	25⅞	+⅛	$1.34	–	2.6
25⅞	13⅛	CSX Corp U.S.$1	16½xd	−⅛	$1.24	–	4.1
25⅛	10⅝	CalFed Inc $1	14⅛	−⅛	$1.20	–	4.7
21⅝	12⅝	Campbell Soup 15c	15⅛	−⅛	84c	–	2.9
45⅝	24⅞	Caterpillar Inc $1	36⅜	—	75c	–	1.1
28⅝	10⅝	Chase Manhattan $12½	13½xd	−⅛	$2.16	–	8.8
32⅞	11⅝	Chemical New York	13⅝	+⅛	$2.72	–	10.9
29½	11	Chrysler $6¼	13⅞	−⅛	$1.00	–	3.9
21⅝	562p	Citicorp $1	11⅞	−⅛	$1.35	–	6.2
886p	167p	CityFed Fin. Corp.	234p	−36	4c	–	0.9
33	19⅛	Colgate – Palmolive $1	24⅝	—	$1.48	–	3.3
25⅝	13⅝	Cons Freightwys 62½c	16½	+⅛	82c	–	2.7
398p	132p	Cont'l Illinois Corp $1	219p	−8	8c	–	2.0
53½p	7p	Cont Illinois Hldgs $1	14p	—	–	–	–
266p	98p	♥Corporate Data Scnce	263p	—	–	–	–
831p	242p	Cullinet Sftwr $0.1	346p	−15	–	–	–
45p	7p	Damson Oil 40c	7p	—	–	–	–
33⅞	15⅝	Dana Corp $1	21½	—	$1.52	–	3.9
25⅝	10⅝	Data General	15½	−⅛	–	–	–
140p	60p	♥Derma–Lock Medical	96p	—	–	–	–
44½	25	Dun & Bradstreet $1	28¼xd	−⅛	$1.50	–	2.9
66⅞	34⅞	Eaton Corpn. 50c	42⅝xd	—	$2.00	–	2.6
22⅞	15⅛	FPL Group 1c	17⅜	−⅛	$2.12	–	6.5
22½	9⅛	First Chicago $5	13⅛	−⅛	$1.50	–	6.2
34⅝	19⅝	Ford Motor $2	24⅝xd	−⅛	$1.50	–	3.3
31⅞	19½	GATX 62½c	25⅛	−⅛	$1.60	–	3.9
40⅞	22⅞	Gen. Elect. 63c	24⅛xd	−⅛	$1.40	–	3.2
10⅝	376p	♥General Host Corp $1	508p	−32	20c	–	2.4
27⅝	14⅛	Gillette $1	22½	−⅛	86c	–	2.1
15⅝	580p	Gt Am First Svgs Bk $1	734p	+3	60c	–	4.5
1375	12⅞	Greyhound $1½	17½	+⅛	$1.26	–	3.9
16⅛	605p	Hasbro Inc 50c	742p	−19	9c	–	0.7
15½	5⅜	Home Group $1	7⅛xd	−⅛	20c	–	1.5
56⅝	28⅝	Honeywell $1½	35⅞xd	−⅛	$2.10	–	3.2
31⅞	15	Hospital Corp Am $1	16⅛	—	72c	–	2.4
29⅝	15⅜	Houston Inds 0	17⅞	−⅛	$2.88	–	8.8
110	59⅛	IBM Corpn $1¼	64½	−1⅛	$4.40	–	3.7
25⅛	15⅜	IC Industries	19⅞	−⅛	88c	–	2.4
41⅞	23⅛	ITT Corpn. $1	26xd	−⅛	$1.25	–	2.6
253p	60p	♥Image Storage/R.Sy.1c	68p	—	–	–	–
28⅛	14⅛	Ingersoll–Rand $2	20⅞xd	−⅛	$1.04	–	2.7
16½	788p	Irvsilco $1	10⅞	+⅛	$1.00	–	5.0
12⅝	5⅛	IU Intnl. $1.15	12½	—	60c	–	2.6
36⅛	18	Lockheed Crpn. $1	24⅝	−⅛	$1.40	–	3.1
25⅞	10⅝	Lone Star Inds $1	17½	−⅛	$1.90	–	5.9
27⅞	14⅛	Louisiana Land 15c	18⅝xd	−⅛	$1.00	–	3.0
21	842p	Lowe's 50c	11	+⅛	44c	–	2.2
32⅝	10⅝	Manuf. Hanover $7½	14½	−⅛	$3.28	–	12.4
30⅛	10⅞	Merrill Lynch $1	14⅛	−⅛	$1.00	–	3.9
35⅝	15⅛	Molex Inc	23⅛	−⅛	3.2c	–	–
33⅞	26⅝	Morgan (JP) $2½	28⅝	−⅛	$1.50	–	4.0
48	33⅝	NYNEX $1	39⅛	−⅛	$3.80	–	5.3
28	14⅞	PHH	17⅜	—	$1.08	–	3.3
15⅝	859p	Pac Gas & Elect $5	975p	−12½	$1.92	–	10.8
25½	16⅛	Pacificorp $3¼	19	−⅛	$2.52	–	7.3
20⅝	13½	Pacific Telesis 10c	16⅛	−⅛	h$1.64	–	5.6
26⅞	11⅞	Pall Corp. 25c	16⅝xd	+⅛	34c	–	1.1
56⅞	26⅞	Pennzoil 83 1/3c	39⅛xd	+⅛	$2.20	–	3.1
16⅝	780p	Premark Intl	16⅝	+⅛	032c	–	1.1
31	12	Primerica $1	16½	—	$1.60	–	5.3
36⅞	21⅛	Quaker Oats $5	24⅞	−⅛	$1.00	–	2.2
43⅝	24	RJR Nabisco Inc	28⅛	−⅛	$1.92	–	3.7
39	21	Rep NY Corpn $5	24⅞	—	$1.20	–	2.6
18⅞	8⅛	Rockwell Intl. $1	10⅛xd	—	72c	–	3.8
30⅞	16⅛	Sara Lee $1(1/3)	23⅝xd	−⅛	$1.20	–	3.0
11⅝	8⅛	Saul (B. F.) $1	9⅞	−⅛	20c	–	1.1

Continued on next page

Schroders Asia Limited
25th Floor, 2 Exchange Sq, Hong Kong. 5-211633

Asian Fund	$5.09	5.40	—	–
Currency & Bond Fd Inc	$1.59	1.68	—	–
Currency & Bond Fd Acc	$3.76	3.97	—	–
Energy Fund	$3.94	4.20	—	–
North American Fund	$4.41	4.70	—	–
Gold Fund	$3.62	3.86	—	–
Hong Kong Fd	$9.35	9.90	—	–
International Trust	$5.23	5.55	—	–
Japan Fund	$70.67	75.89	—	–

Schroders Australia Ltd
20 Bond St, Sydney, NSW 2000 Telex 20388

Schroder Aust Sh	A$4.19	4.49	—	–

Thornton Management Ltd.
33 Cavendish Square, London W1M 7HF. 01-493 8545

Kangaroo Fund	$7.70	8.0850	+0.08	–
Eastern Crusader	$5.51	5.7855	−0.06	–
European Opps Fund	$7.71	8.0955	+0.06	–
Golden Opps. Fund	$6.03	6.3315	−0.14	–
HK & China Gateway Fd	$10.01	10.5105	+0.09	–
Intl Opps Fund	$1.70	1.78	—	–
Japan Fund	$25.44	26.7120	−0.05	–
Little Dragons Fund	$9.62	10.1010	+0.10	–
Oriental Inc Fund	$18.88	19.8240	+0.14	–
Pacific Inv Fd SA	$6.50	6.8250	−0.03	–
Do. US Equivalent	$10.22	10.731	—	–
Pacific Inv Fd Wrrnts	£1.50	2.00	—	–
Pacific Technology Fd	$11.28	11.8440	−0.02	–
Philippine Redevel Fd	$28.78	30.219	—	–

Warburg Investment Management Jersey Ltd—Contd.
Mercury Money Market Trust Ltd

£ Managed	£11.25	11.85	−0.1	–
US$ Managed	$32.76	34.50	+0.02	–
£ Sterling		£27.23	+0.01	–
US$		$41.36	—	–
D Mark		DM88.76	—	–
Yen		Y9162	—	–
Dutch Guilder		DFl122.90	−0.01	–
SwFr		SFr84.22	—	–

Mercury Offshore Stlg Tst—SICAV

Global Fund	£0.972	1.035xd	−0.002	–
Overseas Fund	£1.025	1.093	−0.001	–
European Fund	£0.803	0.857xd	+0.003	–
Japan Fund	£1.209	1.291	−0.002	–

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746
Money Mkt Cheque Acc 8.25 6.201 8.75 Mth

Barclays Prime Account
PO Box 125, Northampton 0604 252891
High Int. Cheque 8.00 6.125 8.58 Qtr

Benchmark Bank PLC Premier Account
9 Henrietta Place, W1M 9AG. 01-631 3313

£2,500-£10,000	8.50	6.40	8.90	6-mth
£10,001-£20,000	8.75	6.58	9.17	6-mth
£20,000+	9.00	6.77	9.43	6-mth

Brown Shipley & Co Ltd

Money Market Trust Funds

Money Market Bank Accounts

AMERICANS – Contd

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

صكذا من الاجل

هكذا من الأصل

LONDON SHARE SERVICE

INSURANCES — Contd

1987/88 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
612	303	Sturge Hldgs 20p	429	+1	8.5	2.4	2.7	21.4
£12½	645	Sun Alliance	894		†23.5	—	3.6	—
£13	865	Sun Life 5p	£10½		†28.5	—	3.9	—
£69½	£36¼	♥Taisho M EDR	£52½	−1½	q010%	—	0.8	—
£22¾	£12½	Torchmark $1.00	£16⅛	−⅛	Q$1.00	—	3.4	—
410	235	Trade Indemnity	362	−3	†4.3	—	1.6	—
£34	£17¾	Travelers $1.25	£20⅞	−⅛	$2.40	—	6.4	—
£30⅝	£15⅝	USF & G Corp $2.50	£16⅝	−⅛	Q$2.48	—	7.3	—
£33⅝	£15⅝	USLIFE Corp. $1.0	£19⅝	−⅛	Q$1.28	3.2	3.5	8.8
738	495	♣Utd Friendly B 10p	535		21.0	—	5.4	—
464	192	Willis Faber 12½p	222		†10.75	2.4	6.6	8.4
128	41	Windsor Secs. 10p	56		0.8	♦	2.0	♦

LEISURE

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
35½	10	♣A & M Group 10p	22		—	—	—	—
242	77	Airtours 10p	184xd		L45.6	1.6	7.5	12.1
*599	253	Anglia TV	431		14.5	♦	4.7	♦
141	62	♣Avesco 1p	88		0.5	6.7	0.8	23.5
72	40	♣BCE Hldgs 5p	41	+1	Ld1.0	2.7	3.3	15.3
300	132	Barr & W.A.T. 'A'	210		†8.0	1.4	5.2	17.1
58	20	♥Bond Media	30		—	—	—	—
235	165	Boosey & Hawkes	172		—	—	—	—
83	28	♣Border T.V.	44		†1.4	2.4	4.4	12.8
*439	43½	Brent Walker 10p	334	−1	†9.5	2.2	4.1	14.1
124	79	Do 6pc.Cv.Cm.Rd.Pf.	102		6.0	—	8.1	—
*938	110	Campari Int. 20p	239	+2	†3.0	5.1	1.7	12.2
306	152	♣Castle Comms. 5p	195		L7.0	2.0	5.1	13.6
221	127	Capital Radio 10p	190		6.0	2.7	4.3	11.8
684	370	CentralTV	554		†17.0	2.3	4.2	14.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES — Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES — Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	68	
Craig & Rose £1	663	
Finlay Pkg. 5p	77	
Holt (Jos) 25p	£11½	+½

IRISH

Stock	Price	+ or −
Fund 11¼% 1988	£100⅝	
Nat. 9¾% 84/89	£100⅜	
Fin. 13% 97/02	£114⅝	
Arnotts	300	−1
CPI Hldgs	82	
Carrol Inds	147	−3
Hall (R. & H.)	108	
Heiton Hldgs	44	
Irish Ropes	120	−3
Unidare	305	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	24
Cadburys	26
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd	40
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	30
Lex Service	35
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES
Saturday February 27 1988

ABC catches a cold at Winter Olympics

Frank Lipsius explains how a US TV network stands to lose $75m from its Calgary coverage

US TELEVISION has done as badly at the Calgary Winter Olympics as the country's athletes.

ABC stands to lose more than $75m (£42.3m) on its 16-day coverage. That augurs badly for the prospects of NBC, which has the rights to this summer's Seoul Olympic Games.

Both networks bid for the Calgary rights in the headier days of 1984. "It didn't matter how much it cost them," recalls Alan Gottesman, an analyst who follows the networks for L.F. Rothschild, the Wall Street securities house. "They just wanted to get it."

The price, $309m, was three times more than ABC paid for the winter games in Sarajevo, Yugoslavia in 1984 and $9m more than NBC has paid for the more prestigious and longer Seoul games. For NBC, therefore, the risk at Seoul is much less. In fact, Mr Gottesman reckons that NBC is already breaking even. He estimates that it has sold 70 per cent of the commercials that will accompany the Seoul broadcasts.

For ABC, Calgary has generated estimated revenues of $360m, with prime-time, 30-second advertising spots going for an average of $300,000 each. Its costs, however, are more than $100m. For Seoul, with spots priced at $330,000, NBC will receive $550m, but its costs will be only $50m higher.

Both networks guaranteed their advertisers average ratings of 21. That is, they have promised that 18.7m American households, 21 per cent of those with television, would be watching. The networks have to make up any shortfall with free "give-back" commercial time.

Calgary has given ABC ratings of 19, taking it past CBS into second place behind NBC in the overall ratings, but it is still 1.8m households short of its promise. Give-backs will cost it $40m.

NBC, having made ratings guarantees for the first time in the summer games, needs better American performances than ABC had in Calgary.

ABC was counting on US ice hockey medals: it gained viewers through the first week until Sunday when the US team lost to West Germany, thus relinquishing a whole week of interest in the competition.

NBC can expect more success with the summer athletes – and twice the events – but not as many US medals as in 1984 when the Russians did not compete.

Although a network cannot be held responsible for sporting performances, ABC made its own gaffes. It cut away from the US-Soviet Union hockey match when the Americans were losing 6-2. The US team came back to within a point of the Russians before losing 7-5. Cut-aways for commercials deprived American viewers of three goals in the game against Czechoslovakia.

By Wednesday, a poor US performance in winning only two gold, one silver and one bronze medal, forced the US Olympic Committee to appoint an outside commission to improve future results.

Mr Bud Greenspan, producer of 16 Days of Glory, a successful film about the Los Angeles games, thinks the networks should change their strategy.

The US "should do what the BBC does and emphasise international themes rather than xenophobic ones," he says. "It would make the games more interesting, whoever wins."

Mr Greenspan is planning a two-hour Calgary feature, for which his budget for a crew of 105 is $2m, compared with ABC's $100m and NBC's expected $150m – both with crews that number much more than 1,000. He thinks the networks could get by on half of what they are spending.

NBC faces another hurdle. Calgary is in an American time zone; Seoul is 14 hours away. "People will get up in the morning and hear how the American teams did," says Mr Gottesman. "If they lost, no one will watch the re-run the next night."

The summer games may also suffer from being in September, instead of the traditional summer months. The Olympics will have competition from the Pennant Race that concludes the professional baseball season and from the start of the other networks' new prime-time seasons.

Although NBC may not lose money in Seoul, it cannot expect to make much either and may suffer from the postponement of its season.

In spite of the audience problems, advertisers seem delighted with their Calgary results, especially when they are getting money back.

General Motors relinquished all Calgary advertising by baulking at ABC's $50m demand for the 80 minutes allotted to car commercials. Chrysler and Ford took up the slack by paying the requested $50m. Now ABC's give-back brings its cost down close to GM's failed bid of $43m.

The ultimate loser from lower audiences would presumably be the International Olympic Committee, which collected $609m from ABC and NBC and $120m from nine companies buying worldwide exclusive category rights (to titles such as the official credit card of the games).

However, even losses by the networks may not reduce the fees the IOC can charge. For just as new official sponsors have always come in to take over from the old, so cable networks may start bidding to broadcast the games in 1992. The cable sports channel ESPN has done well broadcasting professional football.

With cable carriers now generating cash after years of investment, they may well want to buy the prestige of the Olympics should the chill in Calgary give the networks cold feet.

Taiwan's foreign reserves 'vanish'

By Bob King in Taipei

TAIWAN'S RESERVES of foreign exchange, estimated at $76.75bn (£43.5bn), are second only in size to those of Japan. But where are they?

Some years ago a vanishing trick was performed. Now questions are being asked, the knowledgeable ones are not telling.

They include Mr Chang Chi-cheng, governor of the central bank, and Mr Yu Kuo-hwa, Prime Minister.

This week it appeared that even Mr Lee Teng-hui, the President, was not party to the secret.

However, after he had questioned Mr Chang he was able to assure reporters the money was "secure."

The mystery dates to 1979 when the US broke diplomatic ties with Taiwan and established formal links with Peking.

Until then the country's reserves had been held mostly in US banks in the name of the Republic of China.

This title has been claimed by both Taiwan and the People's Republic of China since each saw itself as the legitimate government of China.

After 1979, fears that Peking would claim the reserves prompted Taiwan's leaders to spread the cash through separate accounts.

This has led to speculation that it may have been misappropriated.

There have been rumours, too, that much of it went to banks owned by two families which, in effect, controlled China's finances before the Communist takeover in 1949.

Yesterday the Prime Minister answered questions from a member of the ruling Nationalist Party.

Mr Yu said simply that the money was in the hands of the world's top 100 banks and had not been deposited in the names of individuals.

And there, for the moment, the matter rests.

Lloyds Bank reports loss of £248m after debt provisions

BY DAVID LASCELLES, BANKING EDITOR

LLOYDS BANK yesterday reported that it had become the second UK clearer to go into the red, with a loss of £248m for 1987.

The result stemmed from Lloyds' decision to make £1,066m provisions against doubtful Third World loans in the middle of last year. The total of provisions announced by UK clearing banks during their annual results season during the past 10 days is £3.4bn.

Sir Jeremy Morse, chairman, said Lloyds had been through "a bad nine months" during which two Latin American countries, Brazil and Ecuador, had stopped servicing their debts. However, he said there was "a certain steadying up" with signs that heavily indebted countries were resuming their financial obligations.

Lloyds, which has proportionately the largest exposure to Latin America of UK clearers, reported that its loans to 35 troubled country borrowers total £3.9bn. The provisions it has made, including those in previous years, are equivalent to 34 per cent of its exposure, in line with most other clearers.

The provisions are at the upper end of the matrix created by the Bank of England as a guide to appropriate provision levels.

The effect of Lloyds' action was to reduce its ratio of equity to total assets, the key measure of balance sheet strength which was previously the best of any clearing bank's.

CLEARING BANK RESULTS (Pre-tax £m)

	1987	1986
Barclays	339	895
Lloyds	-248	700
Midland	-505	434
NatWest	704	1011

This fell from 5.8 per cent at the end of 1986 to 5.3 per cent at the end of last year, though this marked an improvement from 4.4 per cent at the interim stage. Sir Jeremy said there were no plans to launch a rights issue to raise capital.

In spite of the loss, Lloyds is increasing its dividend by 10 per cent to 13.2p. Sir Jeremy said that without the Third World provision Lloyds' profits would have covered the dividend 4.7 times.

The results showed the bulk of Lloyds' profits came from UK banking, where earnings rose nearly 28 per cent. However, the result was also hurt by losses of £28m at Lloyds Merchant Bank, the investment banking arm, which was forced to pull out of the gilt-edged and Eurobond markets last year after accumulating losses.

Lloyds also wrote down the value of its 4.7 per cent stake in Standard Chartered, the London-based international bank, by £15m to reflect its lower value since last October's market crash. Lloyds bought the £60m stake at the time of its unsuccessful takeover bid in 1986. Sir Jeremy said that, with hindsight, the feeling in Lloyds was that the failure of the bid had been a benefit.

Lloyds' report completes the clearers' 1987 results, the worst in history. Midland Bank reported a record loss of £505m, and both Barclays' and NatWest's profits were roughly halved by the impact of provisions and investment banking losses. However, all the banks maintain that the provisions have left them in much healthier shape.

Third World debt impact, Page 8

Shultz in call for Palestinian rights

By Andrew Whitley in Jerusalem

MR GEORGE SHULTZ, US Secretary of State, said yesterday that Palestinians had to achieve control over political and economic decisions affecting their lives.

In a statement to Palestinians, read to the press in the courtyard of the historic American Colony Hotel in Arab East Jerusalem, Mr Shultz made no reference to Palestinian demands for self-determination or a homeland of their own.

He emphasised that "in moving towards a comprehensive settlement, (UN Security Council) Resolutions 242 and 338, in their entirety, must be the basis for negotiations." That was interpreted by Western diplomats as US backing for an Israeli withdrawal from at least part of the territories captured in 1967.

The Palestinian underground leadership's calls for redoubled protests were answered yesterday by one of the worst days of violence since the unrest began in early December. In running battles with Israeli troops, three people were killed in the West Bank – in Hebron, Tubas and the Aroub refugee camp – and one in the Jabaliya refugee camp in Gaza.

Mr Shultz heard Prime Minister Yitzhak Shamir again dismiss the proposed international conference on the Middle East.

As the two met at the Prime Minister's office, more than 1,000 right-wing Israelis demonstrated outside. Mr Shamir said afterwards that they had held friendly and positive discussions which he hoped would have "some positive results."

In private, according to a spokesman, Mr Shamir remained opposed to several aspects of the US plans and he was concerned not to be seen to give in to pressure from the unrest.

Mr Shultz regretted that 15 prominent Palestinians failed to show up for a meeting – following pressure from the Palestine Liberation Organization, and he appealed to Palestinians to join in the negotiations, to achieve their "legitimate rights."

Although the PLO has refused to permit any meeting with Mr Shultz in Jerusalem – thus showing it can veto negotiations from which it is being excluded – it proposed a meeting in either Amman or Cairo this weekend. Palestinians from outside the occupied territories would have participated, so that was rejected by the Americans.

Mr Shultz also met the two principal Labour Party figures in the coalition, Foreign Minister Shimon Peres and Defence Minister Yitzhak Rabin.

Today Mr Shultz travels to Jordan, where he is expected to meet Mr Zaid al-Rifai, the Prime Minister, and to Syria for a potentially crucial meeting with President Hafez al Assad.

Man in the news: Page 7

Panama military strongman engineers president's removal

BY ROBERT GRAHAM

GENERAL MANUEL Antonio Noriega, Panama's military strongman, yesterday gave his fellow citizens and the world at large a crude reminder of his authority.

Within six hours of President Eric Arturo Delvalle calling for his resignation as commander of the defence forces, he had engineered the president's removal.

Mr Delvalle was removed from office after a special session of the National Assembly, packed with Gen Noriega's supporters, voted that he had behaved unconstitutionally by calling for the general's dismissal.

Early yesterday Mr Manuel Solis Palma, 71, the Education Minister, was sworn as temporary president.

Since 1983, Gen Noriega has removed three presidents, the last two of whom he had personally helped to appoint.

Mr Delvalle, who has been firmly backed by Washington in attempting to remove Gen Noriega, declared that he would fight his dismissal. The same ineffectual protest was made by his predecessor, Mr Nicolas Ardito Barletta, in 1985.

However, the departure of Mr Delvalle was accompanied yesterday by signs of increased polarisation inside Panama, and concern in Washington over a possible threat to its strategic interests in the Canal Zone. The opposition, which has been behind 10 months of protests designed to oust Gen Noriega, said it was considering a general strike.

The opposition refused to attend the National Assembly session late on Thursday debating the removal of Mr Delvalle. Gen Noriega's supporters claimed the opposition was being orchestrated by Washington, determined to interfere in Panama's internal affairs.

His supporters brushed aside accusations they were acting like puppets for Gen Noriega who now faces charges of drug trafficking as a result of a case heard last month in a Florida court.

Gen Noriega himself has kept in the background. However, he has received enthusiastic backing from various members of the military establishment, including Colonel Marcos Justines, the man chosen by Mr Delvalle to run the 12,000-strong defence forces. Col Justines refused to take up the appointment.

In a brief statement after being sworn in, the new president, Mr Solis Palma, emphasised that the government did not seek a confrontation with the US. But the Reagan Administration yesterday was adamant that Gen Noriega step down and make way for a civilian government, democratically elected. Elections are not due until May 1989.

One US plan had been for Mr Delvalle to act as head of a provisional government until such elections, with Gen Noriega making a negotiated exit.

President outpunched, Page 2

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Abbott Mead Vickers	225	+	5
Centreway Trust	130	+	20
Henderson Group	377	+	21
Oakwood Group	780	+	60
Telfos Warrants	65	+	12
Thorpe (F.W.)	328	+	10
WPP Group	512	+	13
FALLS			
BOC Group	390	−	9
Beales (J.)	243	−	7
Enterprise	296	−	13
Hambros	238	−	10
Kwik-Fit	192	−	8
LASMO	294	−	11
Land Securities	503	−	10
Lloyds Bank	265	−	5
MEPC	472	−	11
Maxwell Comm.	253	−	5
Pilkington	229	−	8
Polly Peck Intl.	288	−	5
Shell Trans.	£10¼	−	5/16

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	10	50	Dallas	-	-	-	Madeira	C	16	61	Prague	Sn	-1	30
Algiers	T	7	45	Dublin	R	8	46	Madrid	F	5	41	Reykjavik	R	5	41
Amsterdam	Sn	1	34	Dubrovnik	C	6	43	Majorca	C	9	48	Rhodes	C	14	57
Athens	F	14	57	Edinburgh	C	7	45	Malaga	F	15	59	Rio de Janeiro	-	-	-
Bahrain	S	18	64	Faro	C	14	57	Malta	F	13	55	Rome	S	11	52
Barcelona	S	10	50	Florence	S	9	48	Manchester	S	5	41	Salzburg	F	1	34
Belfast	R	7	45	Frankfurt	Sn	2	36	Melbourne	S	37	99	S'Francisco †	C	12	54
Belgrade	R	3	37	Geneva	Sn	0	32	Mexico City	-	-	-	Santiago	-	-	-
Berlin	C	1	34	Gibraltar	F	13	55	Miami †	F	9	48	Seoul	F	11	52
Biarritz	F	5	41	Glasgow	C	7	45	Milan	S	9	48	Singapore	F	31	88
Birmingham	S	5	41	Guernsey	F	5	41	Montreal †	C	-9	16	Stockholm	F	-3	27
Blackpool	S	6	43	Helsinki	S	-6	21	Moscow	C	-3	27	Strasbourg	C	1	34
Bombay	S	30	86	Hong Kong	Dr	19	66	Munich	F	13	55	Sydney	S	28	82
Bordeaux	S	5	41	Innsbruck	F	0	32	Nairobi	-	-	-	Tangier	S	15	59
Boulogne	F	2	36	Inverness	R	6	43	Naples	F	7	45	Tel Aviv	C	19	66
Bristol	F	5	41	Isle of Man	F	7	45	Nassau	-	-	-	Tenerife	C	19	66
Brussels	Sn	2	36	Istanbul	R	11	52	Newcastle	F	5	41	Tokyo	C	6	43
Buenos Aires	-	-	-	Jersey	C	4	39	New Delhi	S	23	73	Toronto †	C	-8	18
Budapest	C	4	39	Johannesburg	C	23	73	New York †	F	-4	25	Tunis	C	7	45
Cairo	F	24	75	Las Palmas	C	19	66	Nice	S	11	52	Valencia	S	10	50
Cape Town	S	23	73	Leeds	F	3	37	Nicosia	C	14	57	Venice	S	7	45
Cardiff	F	6	43	Lisbon	S	10	50	Oporto	S	11	52	Vienna	F	2	36
Chicago †	F	-3	27	Locarno	S	7	45	Oslo	S	-3	27	Warsaw	C	2	36
Cologne	Sn	0	32	London	H	4	39	Paris	C	4	39	Washington †	F	-4	25
Copenhagen	Sn	1	34	Los Angeles †	F	12	54	Peking	F	7	45	Wellington	S	18	64
Corfu	F	11	52	Luxembourg	C	0	32	Perth	S	29	84	Zurich	C	0	32

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Sotheby's opportunity

Continued from Page 1

through dealers, but this will be the first time the Soviet Government has given its blessing to a public auction, open to westerners. There will be international satellite links enabling US and Japanese, as well as European, buyers to bid by telephone.

According to Lord Gowrie, the paintings are "not Andy Warhol with vodka. Russian art is wittier than western art. There is some satire in it because the artists have had, in the past, to exchange ideas in code." He intends to bid for at least three or four paintings.

Other serious bidders will be western museums, conscious of gaps in this important area.

The highest prices will probably be paid for avante garde art, much sought after in the West.

As well as an undisclosed fee, the Soviet Union receives publicity for its artists and contacts with the international art world. It is interested in buying back some of the post-Revolutionary art which has gone west in the last 50 years and contact with Sotheby's will help in this.

Sotheby's receives a 10 per cent commission on the hammer price and good publicity for the Russian art auctions it holds in the West.

Further auctions are envisaged in the contemporary paintings field. There is no indication that the Soviet Union intends to sell off its Hermitage treasures, as it did in the 1930s.

Incidentally, Sotheby's will hold the first auction in China on June 5. At the Peking sale, it will offer mainly modern Chinese paintings in Peking, the proceeds going towards the restoration of Venice and the Great Wall of China.

THE LEX COLUMN

Shooting the messenger

It is easy to understand why some have dubbed last night's deadline for firms seeking authorisation under the Financial Services Act as P for Panic day. The Government's abrupt decision to dump the chairman of the Securities and Investments Board, after he has spent the last three years trying to introduce a regulatory regime of a severity and complexity never before attempted in the UK, smacks of a desperate last minute effort to head off the mounting criticism of its new system of investor protection.

It has been clear for many months that Sir Kenneth Berrill, the outgoing chairman, had been given a pretty thankless task in trying to introduce an Act which many in the financial services industry thought was well nigh unworkable. However, as the deadlines for the implementation of the Act approached, the SIB added to the bureaucratic nightmare by its commitment to implement the letter, rather than the spirit, of the Act.

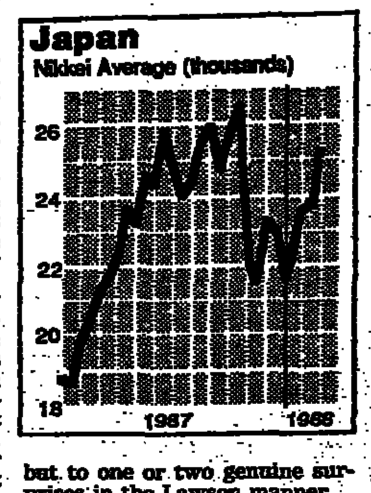
Sir Kenneth had made more than his fair share of enemies among the practitioners, and whilst this is no bad thing, it is clear that there has to be more co-operation from the financial establishment if the new regulatory system is to be made to work. On its present course, the SIB seems to be developing into a rather mediocre version of the US Securities and Exchange Commission, which could have serious consequences for London's long-term competitive position as an international financial centre.

At some stage, Parliament may be forced to take another look at the regulation of the financial services industry, but, in the meantime, the hope is that any potential damage can be contained by a more flexible approach at the top of the SIB. On the basis that the best gamekeepers are ex-poachers, a City practitioner might have been the ideal choice. On the other hand, Mr David Walker's pedigree means that he can scarcely be regarded as a fox put in charge of the chicken coop.

Markets

It has been a good week on balance for the London market, but confidence is still in pitifully short supply. The strong recovery in the first four days of the week was readily intelligible: the company results season, now in full swing, is proving cheerful enough, and, with the Budget just over a fortnight away, the market can look forward not just to tax giveaways

FT Index fell 10.2 to 1423.7



but to one or two genuine surprises in the Lawson manner.

But then, there is always Wall Street. Its about-turn late on Thursday was the more disappointing because US investors had just had good news in the form of upwardly-revised fourth quarter GNP figures and a drop in the oil price; and the sudden slump in the Dow after it had briefly passed its January high point of 2,050 suggested that confidence in the US is little more robust than in London.

The contrast offered by Tokyo is meanwhile becoming embarrassing. Japanese equities have now risen for twelve days in a row, and Tokyo brokers seem to be gunning for the 14-day record set in 1960. The point has been reached where the UK investor who had bought Tokyo at its pre-crash peak would now be showing a sterling loss of just 2 per cent, while the US investor would be showing a dollar gain.

Back in London, though, the latest worry has to do with the oil price, which seems to be issuing a direct challenge to Opec in its determined progress down through $15. Unlike New York, London has never been sure whether cheap oil is good or bad for equities. It might interfere with the Chancellor's sums through reduced revenues or lower sterling, but hardly drastically. The market seems resolved to take a dim view either way.

Lloyds Bank

Lloyds, which used to be the best capitalised of the Big Four clearers, has been blown badly off course in the past year by its £4bn portfolio of Third World loans. But having taken a £1bn provision, it is now making surprisingly rapid progress in repairing its balance sheet. The equity to asset ratio, which had slumped from 5.8 per cent to 4.4 per cent at the time of the mid-year announcement of heavy provisioning, has now been restored to a respectable 5.3 per cent – a full 0.5 percentage points over Barclays.

Admittedly, a £161m property revaluation helped boost the ratio, but the main factor was strong profit growth in the second half of the year and a 6 per cent shrinkage in the balance sheet. Lloyds has been replacing low-yielding, wholesale lending with high-margin domestic business, and sees further potential in this direction without inflating its balance sheet unnecessarily. The downside for the shares is any further deterioration in value of its LDC debt portfolio, but this has been cushioned by a prospective multiple of less than four times earnings.

Sedgwick

If 1987 was a bad year for Sedgwick, this year is shaping up to be truly awful. But that will not have surprised anyone: forecasts have been knocking around the market for some time of a fall in 1988 pre-tax profits of anything between 30 and 60 per cent from last year's £101m, and yesterday's results provided little impulse to revise them. Sedgwick may feel confident that it can generate enough new business to head off the worst; but it requires a fairly substantial leap of faith to believe that a broker, which at the moment appears to be strong in all the wrong markets, can manage to buck a weakening industry trend.

Those with a more distant horizon in view argue that Sedgwick's strategy of building up its North American business, taken with its impeccable contacts at home, cannot fail to pay off over time. Even investors with a shorter attention span have an attractive yield of 7.7 per cent to focus on – although Sedgwick's failure yesterday to guaranteethat the dividend will not be cut this year could shake their confidence. Any sort of predatory excitement looks unlikely, though: with a prospective p/e in the ethereal regions of the high 20s, according to the more pessimistic current year forecasts, it is difficult to see who could afford to bid – especially while Transamerica, with 29 per cent of the votes, remains barred from doing so.

هكذا من الاصل

WEEKEND FT

Saturday 27/Sunday 28 February 1988

Tuesday is Saint David's Day. Anthony Moreton reports on the transformation wrought in the principality

THE DRAGON STIRS

A FEW miles north of Newport, in the industrial heart of South Wales, there is a factory that on Tuesday, St David's Day, will fly three flags; the Union flag, the red dragon of Wales and Japan's sun. The plant belongs to Aiwa of Japan which, since September 1980, has turned out amplifiers, cassette decks and compact disc players. Aiwa is the new face of Wales.

Later this summer Newport will play host to the National Eisteddfod, the traditional face, when Welsh speakers gather for a week's culture fest in their own tongue, one of Europe's oldest. There will be singing and speech making, white-robed bards will parade, overseas visitors will be applauded and English will, for five days, be banished and forgotten.

One person in every five in Wales still speaks Welsh and the eisteddfod is an important ingredient in maintaining Welsh language and culture. But the new Wales, which has arisen and gathered momentum in the last decade, is represented increasingly by concerns such as Aiwa and men such as John Traub, a Californian who runs a photo mask making company in Bridgend. He has transferred its international HQ from his native state to Wales.

Wales is, in fact, undergoing enormous social and economic change. There is a still fairly common conception of the country as a place where black-faced miners sing – shades of How Green Was My Valley – on their way home from the colliery to a quick wash in a tin tub in front of the fire before going off to choir practice. It is a conception that is as false as it is dated. The pits have nearly all gone and, in their place, a generation of high technology industries has emerged. It is a country increasingly conservative as well as Conservative, and a country in which the visual arts are now vying with the vocal ones.

John Traub runs Align Rite. He lives and works only a stone's throw from Margam, where British Coal hopes to sink a super pit, but his business is as far removed from traditional coal mining as it is possible to imagine. Align Rite sits in a landscaped setting, and his team of employees, half of whom are graduates, work in a dust-free environment. Traub, married with two school-age children, runs a BMW and has brought American football to Bridgend.

Trevor Webster, a self-made millionaire who heads Control Techniques, which designs and manufactures variable speed drive modules in Newtown, in mid Wales, where sheep outnumber human beings by about 10 to one, is also the face of the new Wales. When he first moved his business from the West Midlands, Webster says: "If you wanted a traffic jam in town we'd have to ring up all our friends and arrange to meet at the traffic lights in the centre of town at the same time. Today, you can't move here for the BMWs, Mercedes and Jaguars. It's really prospering."

Then there is Suehiro Nakamura, director of Sony, one of the first Japanese concerns to land in Britain back in 1973. Everything the company does in Tokyo, says Nakamura, it can do as well in Wales. Labour relations are as good here as there. National Panasonic, Sharp, Brother, and Hoya Lens – as well as Aiwa and others – say hear, hear, to that.

Under Japanese influence Wales has become the home of the single union plant. "Popular acceptance of single union deals started with the Transport and General Workers in North Wales," according to David Jenkins, go-ahead secretary of the Welsh TUC. "In the last couple of years the electricians have picked up most of the deals but the transport workers embraced the idea first of all back in 1973 and sought to see it worked satisfactorily."

This is a long way from an economy dominated for almost two centuries by coal and steel. These two are still important ingredients within the economy, as Professor Roger Mansfield, of Cardiff Business School, emphasises. But their importance has diminished and will continue to do so.

Steel, not so long ago, employed more than 80,000 in the blast furnaces of Llanwern, Shotton, Llanelli, Port Talbot and Ebbw Vale. Today, faced by the consequences of a world recession and oversupply, it has been diminished. Steelmaking has disappeared altogether from Ebbw Vale and a garden festival is to be built on the site where the furnaces once belched their obnoxious fumes. At Shotton, more than 8,000 men lost their jobs in a single weekend and a supermarket and marina are to be built in its place. However, coated steels are still made there and steel still employs more than 2,000.

Coal is even worse off. In the 1920s more than a quarter of a million men produced some of the world's best anthracite and steam coal. There were 66 pits in the Rhondda alone; none survives. The tiny valley of Cwmamman, perhaps three miles long, had seven pits. Today, there are 14 in the whole of Wales – just one in the north – and there are question marks over three of those. The workforce is well under 10,000.

Prys Edwards, the Aberystwyth architect who is chairman of the Wales Tourist Board, likes to point out that tourism now employs twice as many people as coal and steel combined. Nearer three times would be more accurate. As EC-induced changes bring about a fundamental shift in Welsh farming patterns, cutting back on the dairying and sheep rearing that prospered on the rich grass that grows as a result of the constant rain, a frantic search is on to find alternative sources of income from the land.

Toy farming, where a couple of animals are kept to attract the bed and breakfast visitor, is taking the place of real farming, especially in west Wales. Golf courses, chalet villages and ski runs are proposed. There is some bitterness about the loss of traditional values this could entail because the areas most affected are those where the Welsh language, and its attendant half-cousin nationalism, is most strongly entrenched. There are fears that tourism might grow and destroy what it sets out to protect.

The economic changes are reflected elsewhere, especially in politics. Since Labour replaced the Liberals as the party of the Left at the turn of the century Wales has been a socialist fiefdom. In 1945 two out of every three people voted Labour. Until 1966 it always had well over half the vote. In many constituences, it was said, the vote was weighed rather than counted.

Ebbw Vale, Merthyr Tydfil, the Rhondda, Aberavon and Llanelli all sent their men – no women then – to Westminster with 30,000 majorities, Keir Hardie, Nye Bevan, Jim Griffiths, Michael Foot among them. They still do in a few places, but in fewer. The traditional Labour seats are still as strongly Labour as before; it is among the rest where the Labour vote has crumbled.

In 1966 Labour held 32 of the 36 seats in the Principality to the Tories' three and a single Liberal to carry the flag of Lloyd George. It won 61 per cent of the popular vote. Since then, the party has steadily declined. Last June, although it won 23 seats, its share of the vote had dropped to well under half.

The Conservatives have been the main beneficiaries. They now take a third of the vote and by 1983 they had increased their seats to 14 and even though they slipped last year they have done extremely well. The main beneficiaries, though, in votes terms have been the Alliance, and Plaid Cymru (Welsh Nationalist) parties. Between them they now have around a third of the vote.

That vote, given the British first past the post system, does not translate into seats. Plaid Cymru was ecstatic when it won a third seat last year and the Alliance was disappointed by only holding its three. Despite its electoral success in 1987 the watershed of nationalism was certainly March 2 1979, when a referendum on whether to set up a devolved parliament in Wales was overwhelmingly turned down. Wales committed itself, irrevocably, to continuing six centuries of association with England.

If Wales politically decided to remain within the English governmental nexus, culturally there has been an awakening to its heritage. The outward manifestation is the way in which the language has become an everyday part of life. Even in anglicised Cardiff it is difficult to avoid knocking against a degree of Welsh, to avoid a realisation that this is not just another English city west of Offa's Dyke. Street signs, road direction signs, notices and public displays are increasingly in English and Welsh. There is a Welsh television channel – Siannel 4 Cymru or S4C – which puts out 22 hours of programmes a week, most of it in peak hours.

A fifth of the country can, anyway, speak Welsh and there has been a surge of interest over the past 10 to 15 years in keeping the language alive. Parents increasingly want their children educated completely in the medium of Welsh and the number of schools devoted to this means of instruction has increased.

The Government has responded by making money available and there are now 67 bilingual primary schools in the country with a further 16 at secondary level; 25 years earlier there had been just one secondary school. The number at secondary level studying in Welsh has shot up to 10,472. Another 11,472 are taught in the medium at primary level.

Whether this indicates an end to the decline in the number able to speak Welsh is too soon to say, though there are tentative indications that it might be happening. In 1981, at the last census, 503,000 people, 18.9 per cent of the population spoke Welsh, a far cry from almost 1m people, just over half the population, who spoke it at the turn of the century.

But statistics appear to show the fall is slowing appreciably and there has been a slight upturn in the number of those speaking Welsh who are under 14. It is here that hope for the language lies. It is being helped by organisations such as the National Museum of Wales which is seeking to proselytise in North Wales and get away from an over-emphasis on Cardiff. Dr David Dykes, its director, points not just to the money being spent on improving the three museums in Cardiff but also to the creation of Oriel Eryri (Snowdon gallery) at Llanberis in Gwynedd.

Matthew Pritchard, chairman of the Welsh Arts Council, sees another change. "Wales has become much broader than merely a musical nation. Music is still important but the visual arts have developed strongly." There are a large number of important artists in Wales now, people like the widely acclaimed Kyffin Williams. Wales has become quite a place for artists to work in. "It also has an important film industry. Excellent directors work in the country, many of them in or around Cardiff, which has become one of the most important production centres in Britain. Wales is still important musically, especially with the Welsh National Opera Company, which has an internationally acclaimed reputation. But now there is a lot else."

But in one significant way Wales has not changed. Despite organisations such as the Welsh Office, the Welsh Development Agency, BBC and HTV all having important centres in the north, Wales remains two separate and distinct countries within a country.

A year ago Lord Crickhowell, then plain Mr Nicholas Edwards and Secretary of State for Wales, said the country was at the crossroads. It is possible to argue now that it has crossed the economic part of the Rubicon. Unemployment has been falling faster than in the rest of Britain, investment rising faster, new work practices adopted. In Cardiff an urban development corporation is revitalising the city's 2,700 acres of decaying docklands. Thereis talk of a centre for the performing arts to rival in design the opera house in Sydney, a barrage to create an inland lake, in effect a waterside city.

Geoffrey Inkin, tall, dominating, action-man chairman of this metamorphosis, one-time army officer, one-time new town chairman, says: "In Cardiff we are creating a city for the 21st century. Other towns are undertaking urban dereliction. We are building a new and revitalised city."

This is Tiger Bay, where the builders' men are moving in. The city is being moved southwards. Tiger Bay and the docks are being integrated into the city. These developments and these changes have given Wales a vitality that it has not had for decades. Investors and others are beginning to notice it and take advantage of it. The Japanese helped to bring modern technology; the Government brought service jobs; local entrepreneurs have turned their golden handshakes from coal and steel to good effect and small businesses have flourished. Very real changes have taken place in one of the oldest civilisations in Europe.

The Long View

Are the piggy banks gathering dust?

The thrifty Japanese and Germans salt their money away. But is there too much saving going on in the world? Barry Riley thinks a low savings rate could be seen as a sign of confidence

AN UNDULY low savings ratio is an important reason why the US economy has become so lopsided and vulnerable. Americans have been reduced to consuming other people's goods, financed by other people's money. It is easy enough to look scornfully at such a propensity. But can it be that the UK is following improvident America down the slippery slope?

In the third quarter of last year the UK personal sector's savings are estimated to have amounted to just 5 per cent of income, the lowest since 1959. By comparison the US figure was 4½ per cent for 1986, although the OECD has projected a further fall to 3.75 per cent for 1987. How different these figures are from those of thrifty Japan, where people tuck away 17 or 18 per cent of their income, or from cautious Germany, where the ratio is 12 per cent or so. It is not so long since German-style (though not Japanese) savings levels were the rule in Britain. A figure of 12 per cent was published for 1984.

Since then, two things have happened. One is that the statisticians have revised their figures retrospectively, for instance by knocking off personal sector income that they originally thought was there.

Secondly, the rise in consumption appears to have raced ahead of income growth during the past year. Allowing for capital spending, the personal sector has actually plunged into financial deficit, a highly unusual situation.

As savings have fallen we have, sure enough, acquired one of the American problems in the shape of a current account deficit of more than £2½ bn. It is, however, trivial compared with the US external deficit, which runs to several times that each month. And we do not share the burden of the "twin deficits" given that the public sector should be moving the more you pick them over.

This week's main new statistic, for growth in GDP, is actually more remarkable than curious. It represents the first official stab at calculating last year's economic growth, and it comes out at 5 per cent

The latest figure could be into the black for the current financial year

A negative public sector borrowing requirement, even if massaged a little, is a distinctly rare event – we have not seen one since 1970. But you might say, in fact, that many of the economic numbers currently look curiouser and curiouser amended slightly as alternative methods of estimating GDP are brought into play, but we know from hard evidence, such as the fall in unemployment and the surge in tax revenues, that growth has been exceptionally high.

It is the financial consequences of this growth that are less clear, and which raise the possibility that the apparent fall in savings is largely a statistical invention. There are enormous balancing items, that is, gaps, in the figures. It is interesting to speculate that personal sector income from abroad is being under-recorded, which could mean that the balance of payments deficit is not what it appears, while at the same time the propensity to save is in better shape than the official statistics might indicate.

All the same, there are reasonable grounds for rationalising a modest reduction in the savings ratio. The accepted theory of private savings proposes that people put more away as inflation accelerates because they desire to top up the eroded value of their savings; conversely, as inflation falls, as it has done since 1980, they will be less troubled by asset depreciation in real terms, and so will save less.

In fact, there is another wealth effect to be considered. The enormous growth in house prices has made the bulk of the population feel richer, and a substantial amount of this wealth is being realised in various ways.

To a more limited extent, the equity market has also contributed to this enrichment process – although the party has, of course, been spoiled by last October's crash. Even so, it is interesting that the official figures for the savings ratio have been directly reduced by the equity boom. This is because contributions by companies into their pension schemes are counted as part of the personal sector's savings. Now that so many companies have granted themselves contribution holidays because of the surpluses that have accumulated in their schemes there has been a direct impact on statistically defined personal savings.

It all boils down, therefore, to a fall in UK savings, but not the halving that most recent figures suggest. It is not something to worry about in a world where, if anything, there is too much saving.

Look at the plight of the Japanese, with their savings flows spilling out willy-nilly towards the only remaining large borrowing country which is still credit-worthy, the United States. In the middle of the banking results season it brings back uncomfortable memories of the deposit-swollen banks recycling money to Latin American countries, the borrowers of last resort at the time. The depreciation of US obligations, via a huge adjustment in the yen-dollar exchange rate, turns out to have been even quicker.

It can be argued that there are rational demographic arguments for nations to adopt creditor or debt roles. The spenders in a nation's population tend to be the young and the very old, the savers are concentrated among those in their 40s and 50s.

Countries with a pronounced middle-age bulge, such as Japan and Germany, run natural surpluses. The US, with a comparatively young population, is a natural borrower. Most Third World countries are even more natural absorbers of funds.

Other things being equal, a low savings rate is a sign of confidence. When you fear a harsh climate in the future you squirrel reserves away. By that token, the Americans are too complacent, and no presidential election candidate seems inclined to rock the boat, at least until he is safely in office.

The only cure could be some kind of shock, more effective than the October crash in jolting confidence and triggering a recession. In those circumstances internal savings could rise surprisingly sharply and the Americans would no longer need the Japanese to finance them. What the Japanese would do in those circumstances is another story

• CONTENTS •

Spring thaw brings only cool comfort

A TOUCH of springtime optimism blew through the City this week – but spring is a fickle season, and if it is arriving early in London dealing rooms, it is also arriving in haphazard style.

With a dearth of economic statistics to worry about, the onset of the heavy corporate reporting season and the Budget just three weeks away, investors at last shook off their winter hibernation and – for four days at least – appeared to like what they saw.

Dealing volume recovered to some of its best levels since the October crash, with SEAQ showing 510m shares traded on Thursday. Admittedly, that scarcely compares with the heady days last summer when daily levels regularly topped the 700m mark and even soared towards 1,000m at one stage, but it is a distinct improvement on those desperate days in January when volume strained to top 300m shares a day.

For much of the week, the reawakening in activity was accompanied by a firming in the market itself. The first four trading days saw unbroken advances by the FT 100 Share Index – up by 17.4, 10.7, 2.2 and 22.3 points respectively. That took the index through the 1,780 level by Thursday night, leaving some analysts wondering if 1,800 could prove the next test.

This is, after all, the last full account before the Budget on March 15, a regular (if sometimes unjustified) rallying time for the London market. Institutional liquidity is now substantially repaired, and investors were spared too many painful reminders of the conflicting pressures – inflation and recession – which currently beset the economy.

In fact, on the economic front, matters were generally cheerful. The latest survey from the CBI, which hit the news-stands on Monday, suggests that business among UK manufacturers is as brisk as it ever was. Almost one-third of

London

the companies surveyed say that order books are abnormally full, while only one-tenth report that they are unusually low. That encouraging conclusion was backed up on Tuesday by the national output figures for the final quarter of 1987. This period, of course, covers the immediate post-crash weeks, yet output-based GDP was still 1 per cent higher compared with the third quarter, and more than 5 per cent up on the final quarter of 1986.

The niggling problem is one of inflation. The CBI did suggest that almost 40 per cent of the companies included in the survey are planning price increases during the first half of 1988, which – with continuing pressures on the wage front – could stay the Chancellor's hand somewhat next month.

So on Friday, the market started to take a more cautious line, aware that next week brings worrying possibilities in the shape of January's trade figures. As trading opened, London took its lead from Wall Street's overnight dip, and by mid-day Footsie was still recording a 12-point loss. At the forefront of this easier trend were oil shares – hit by bearish noises from Warburg Securities over oil production discipline and the potential impact on prices. By lunchtime, BP had lost 5p at 244p, while Shell dipped 32p to £10.24.

What the market really lacks at present is any substantial incentive for a forward push. The takeover wave which rescued it from its immediate post-crash blues last December has now died away and there is little sign of any replacement activity.

Even on the reporting front last week, news was mixed, largely due to the spate of results from financial groups – banks and insurers – where the impact of storms, both the weather and market-related varieties, were writ large. After Midland's sorry start to the banks' reporting season, Barclays' figures on Wednesday were almost a relief. A £713m charge to cover doubtful Third World loans left pre-tax profits more than 50 per cent down at £339m, but at least domestic banking profits showed a 31 per cent advance to £548m, and its investment banking arm, BZW, emerged from the crash in better-than-expected shape with losses of just £11m.

Investment banking took a larger toll at National Westminster where subsidiary, County NatWest, ran up a £116m loss, partly as a result of its heavy position in Blue Arrow, the manpower services company for which it arranged the largest-ever rights issue last summer. Coupled with the increased provision for doubtful debts – £759m against £373m last time – the net effect was to push the pre-tax figure down from just over £1bn to £704m. On Friday, Lloyds Bank reported a £248m loss after exceptional provisions of £1.06bn, with the merchant banking side returning a £28m loss.

Much of that has already been reflected in the clearers' low market ratings and – aside from specific details – the overall shape of the banks' results caused few surprises. Indeed, their share prices did little more than reflect the generally firmer tone in the market overall: by Friday afternoon, Barclays was up 15p at 480p on the week, Lloyds 7p higher at 265p, NatWest 20p firmer at 568p, and Midland at least unchanged at 396p.

The same could fairly be said about the 10 per cent profit fall to £274m pre-tax reported by Royal Insurance – scored after worldwide weather losses totalling £231m. US commercial lines may be coming under pressure, but Royal also reported strong premium growth and solid rate increases in the UK. Its shares strengthened 5p to 406p on the news.

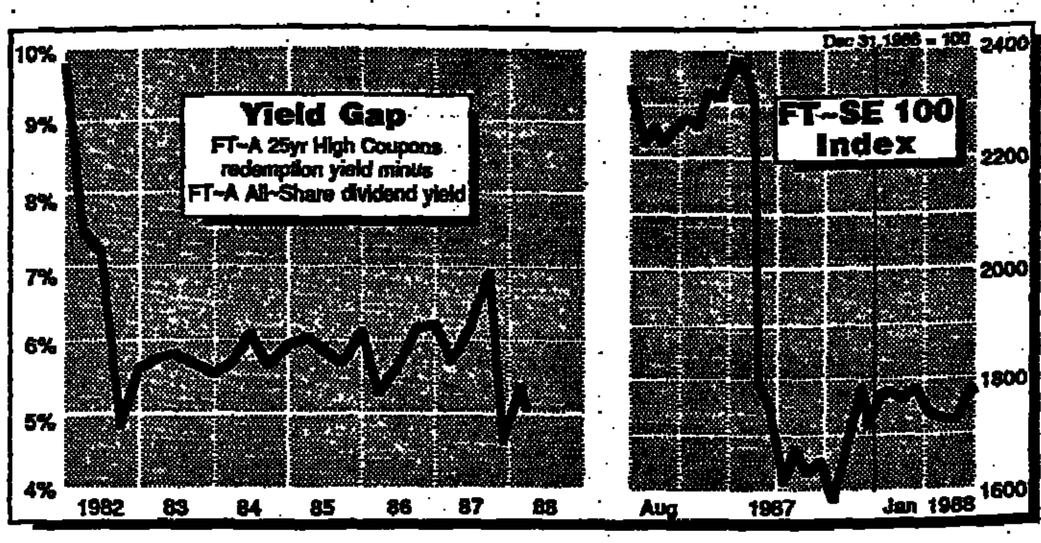
Rather more telling, perhaps, were the figures from ICI. Long seen as a bellwether for British industry, the chemicals giant rolled out a record £1.31bn profit before tax for 1987, with earnings 23 per cent higher at 113p. Not only was there a strong performance in basic chemicals, but certain speciality areas, like paints and agrochemicals, chipped in handsomely.

The company, moreover, seems relatively comfortable with its post-October trading environment, talking of continued growth in 1988 and pointing out that its more recession-resilient interests – such as pharmaceuticals – constitute a larger part of the group overall than they did when the last economic downturn hit.

But that failed to persuade the market, which still has its eye on ICI's exposure to potential US recession and is beset by a fairly wide range of current year forecasts. Taking middle range estimates, the shares – which edged ahead on Thursday's results only to slip back a few pence on Friday – languish on a multiple of under 9 times prospective earnings.

That, in a nutshell, seems to sum up the current mood. A few kindly winds may be blowing through the market, but the underlying uncertainties look set to persist for a while yet.

Nikki Tait



Where there's muck, there's brass

IF YOU are walking across a ploughed field in southern England this weekend, you may be walking over a rubbish tip. That will be even more possible in five years' time as the region's population growth and construction boomlet creates more rubbish and fewer places to put it.

It may well have been constructed by HT Hughes, the Portsmouth-based waste management, quarrying and transport hire company, which is coming to the Unlisted Securities Market capitalised at £11.8m.

Hughes is one of three companies to be placed on the USM this week. The directors must be hoping that when their shares start trading, they do better than London Forfaiting's, which closed 5p down on the first day.

Hughes' customers are contractors, property developers and local authorities rather than private individuals. "We wouldn't demolish anything like eight terraced houses - it's too small," explains Bob Merrick, chairman, and managing director since 1964.

Hampshire has traditionally extracted aggregates from the Solent rather than quarries, which, combined with a rapid population growth, means an approaching shortage of landfill sites for waste disposal. Hughes sees its landfill and waste disposal businesses as the main future growth areas.

"We spend money on the perimeters of the landfill sites, so people's perception of the rubbish tip diminishes," says Terry Vincent, deputy managing director. "We are also very selective on what we will accept – we put in absorbent materials so we can put in liquids." Once the tip is full, the site is covered and rented to farmers for grazing or arable use.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987/88 High	1987/88 Low	
FT Ordinary Index	1423.7	+41.1	1926.2	1232.0	Selective institutional interest.
Acsis Group	72	+12	331½	17	Proposed acquisition of Ingleby Grp.
Aurora	95	+15	118	48	Aust. Nat. Ind. ups stake to 21.2%.
BPB Inds.	284	+30	442½	218	Broker's recommendation.
Barclays	479	+14	655	364	Good response to prelim. figures.
Cadbury Schweppes	268	+21½	291	185	Annual results due Thursday.
Comm. Union	328	+20½	459½	268	Preliminary results due Wednesday.
Guinness	292	+16	389	227	Revived institutional support.
Hampton Trust	86	-25	131	52½	Bid of 85p from Southend Property.
M & G Group	353	+49	461	180	Takeover speculation continues.
Macarthy	298	-27	471	220	Proposed bid for Unichem.
McAlpine (A.)	459	-39	676	365	Cautious trading statement.
Pilkington	229	+15	354	181	Traded option activity.
Plessey	160	+10	258	127	Stake–building rumours.
Scot. & Newcastle	251	+16	268	189	Suspected stake–building exercises.

A prospective p/e of 11.85 times, for the year to February 1988, compares with just under 18 times for Shanks & McEwan, the UK's largest waste disposal operator, which came to the main market last week.

The management are down to earth and obviously know their business. A slick presentation reflects hours spent lobbying local authorities and local inhabitants. With solid companies the current vogue in uncertain stock markets, Hughes'

Junior Markets

future looks as if it is built on more than rubbish.

Another USM company coming to the market is Norfolk House, property developers and managers of service stations on main roads rather than motorways. Its main customers are the major oil and catering companies.

The company thoughtfully provided some colourful handouts on A3 paper – one called "The eyesores alongside our roads today," designed to show how untidy transport cafes are, in contrast, one assumes, with the neon lights and bright logos of the average service station.

Like them or not, motorway service stations are here to stay. Norfolk House believes that by the year 2000, there will have been a 50 per cent increase in the number of vehicle miles travelled in the UK.

"Growth will come from sites on new roads rather than existing roads," adds Harrison. Norfolk House owns, or has the right to purchase, more than over 100 UK sites. Thomas Harrison, chairman and managing director, recognises service station saturation point will come when the government stops spending money on new roads. For the time being, however, there is at least £4.4bn of road building scheduled in the Department of Environment and Transport forward construction programme. The important point for Norfolk, however, is whether these additional cars and passengers use motorways or main roads.

Where Norfolk makes money, according to Thomas Harrison, is "on the property side - in selling the sites when we have built them and then running them with our own operators." There is a crucial point in the life of a petrol pump after which sales growth starts to plateau.

Harrison's plans for the company are on a grand scale. "We will be aggressively acquisitive," he says. Norfolk House is out to eat up other service station companies, garage groups and sales promotion companies, with Harrison aiming at a chain of 300 service stations.

The historic p/e is 10 times, but for a property developer with an uncertain earnings stream, that does not mean an awful lot. Norfolk House's future depends on a continuing increase in road traffic and the willingness of local authorities to allow further roadside developments. It may also need to make some good acquisitions because there must be a limit to the number of service stations the UK can house.

Wrapping up this week's USM newcomers is Transrap Holdings, Derbyshire manufacturer of plastic packaging products. Capitalised at £5m, it will be the second largest packaging company in the USM sector after Dolphin.

Transrap has 20 per cent of the UK market for greeting card packaging, but the company is reluctant to put a figure on market share in food, textile and bakery product wrappings. It seems that no-one can quantify the amount of imported packaging into the UK. The problem is not that imports are cheaper, but that Taiwanese and Scandinavians are able to produce more sophisticated designs and higher quality printing.

Transrap's response is to go for the higher end of the market, investing heavily in good equipment, keeping as much production as possible in-house, and being choosy about its customers.

However, Transrap does offer a prospective yield of 5.48 per cent, and on a prospective p/e of 13.9, is in line with the rest of the USM sector. It compensates for lack of excitement in the underlying business with a good steady profit record and with directors who know their business well.

Heather Farmbrough

Weathering the storms

GENERAL ACCIDENT and COMMERCIAL UNION – two of the UK's large composite insurance companies – produce their full year results on Wednesday.

Although the groups have equally large operations in the US and Canada, GA looks more strongly placed than CU to weather currency fluctuations, partly because its exposure to the flourishing UK motor insurance business, where much improved results can be expected, should boost its figures. CU may find some protection through earnings from life insurance.

The full year figures will also be affected by losses incurred in October's hurricane. Announcing profits for the third quarter in November both groups warned that claims arising from the storm could be steep: GA predicted net losses of £30m and CU expected to lose £15m net.

Results Due

The other main interest of next week's announcements will be any indication of future dividend policy. CU's dividend cover is not as strong as GA's but its dividend is still expected to increase by nearly 20 per cent to about 15.5p (13p) for the year. GA's dividend should show similar growth from 28p to 34p.

Meanwhile, pre-tax profits for the year could top £165m (£119.1m) at CU, while GA looks like reaching at least £205m (£123.3m) before tax.

UNILEVER, the food manufacturer, is expected to show pre-tax profits of about £1.35bn, up from £1.14bn, when it unveils results for the year to December on Tuesday.

In North America, the acquisition of Chesebrough-Pond should help to push fourth quarter operating profits up by 80 per cent on 1986, although margins are unlikely to have improved significantly. European fourth quarter results could rise by more than 40 per cent following changes in the product mix and a series of acquisitions and disposals.

Analysts believe that, with the year end debt/equity ratio likely to be about 20 per cent, the company is well placed to make significant acquisitions.

CADBURY SCHWEPPES, the confectionery and drinks group, is expected to improve pre-tax profits from £131m to £174m when it announces its 1987 results on Thursday. Because Cadbury uses year-end exchange rates, analysts have adjusted their forecasts slightly downwards following the relative strength of sterling against the US and Australian dollars.

Confectionery around the world, and in particular in the UK, has gone extremely well, helped by declining cocoa costs and strong marketing. US drinks and confectionery has shown some recovery, European business is steady and Australia goes from strength to strength. The UK Coca-Cola/Schweppes joint venture will show £10m integration costs. The benefits will not start coming through until 1988/89.

FISONS, the pharmaceutical, scientific equipment and horticulture group, is likely to report pre-tax profits of £104m when it announces results for the year to end December on Monday, compared with £85.1m for 1986.

The new asthma drug Tilade is not expected to contribute to profits this year, as it got off to slow start in the UK and is still awaiting approval in Germany and the US.

The horticulture division should show a strong recovery on last year, although the peat market has suffered from oversupply and there have been harvesting problems in Yorkshire.

On Monday, WILLIAMS HOLDINGS, the diversified industrial conglomerate, is expected to announce that pre-tax profits have more than doubled to at least £55m (£22.9m) with a five month contribution from Crown Paints, which it acquired from Reed International last summer.

All of its divisions, which range from building products and curtain tracks to specialist engineering and vehicle distribution, have seen buoyant trade and the balance sheet is looking strong. Although acquisitions have tended to distort the picture slightly over the last couple of years, the company says organic growth over the last year has been around 25 per cent.

STC should post a 27 per cent rise in pre-tax profits to £185m on Tuesday. This would continue the recovery initiated last year when the electronics group turned a loss of £11.4m in 1985 into pre-tax profits of £134.2m.

The rationalisation and disposal programme has been successfully completed and the balance sheet cleaned up. ICL's strong order book proves that nerves about the medium term future of the computer market were unfounded and STC is steadily moving the bias of ICL, still its core business, out of the UK. Meeting forecasts so ably may give the management the confidence to make a major acquisition shortly.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	2.80	2.84	2.14	1.56	monthly	1	-	0-7
High interest cheque	5.00	5.12	3.86	2.81	monthly	1	1,000-4,999	0
High interest cheque	5.40	5.54	4.17	3.04	monthly	1	5,000-9,999	0
High interest cheque	5.80	5.96	4.49	3.27	monthly	1	10,000-49,999	0
High interest cheque	6.20	6.38	4.81	3.50	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	4.00	4.04	3.04	2.21	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.33	3.15	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.52	3.29	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	4.90	3.56	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.17	3.76	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.36	3.90	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.56	4.04	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issueΦ	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.40	6.59	4.97	3.61	monthly	1	2,500 minimum	0
Provincial Trust	6.58	6.78	5.10	3.71	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.57	6.18	5.26	4.49	half yearly	4	-	0
8pc Treasury 1992	9.18	6.97	5.49	4.26	half yearly	4	-	0
10.25pc Exchequer 1995	9.38	6.69	4.89	3.40	half yearly	4	-	0
3pc Treasury 1990	6.94	6.09	5.52	5.04	half yearly	4	-	0
3pc Treasury 1992	7.24	6.34	5.75	5.25	half yearly	4	-	0
Index-linked 2pc¶	7.32	6.77	6.40	6.09	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; Immediate access for balances over £5,000. Φ Special facility for extra £5,000 §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Britoil‡	500*	498	294	2.52bn.	BP
Burgess Group‡	246	246	264	93.65	RHP Group
City Merch't Dev	91½	91	100	89.70	Imry Intl.
Est. Prop. Inv.	240*	243	230	58.19	Peachey Prop.
Hampton Trust	88½	86	108	73.75	Southend Prop.
Henderson Group	375*	377	341	84.19	Hepworth C'mic
Henderson Group	350	377	329	78.13	Newman-Tonks
Jacksons Bourne	445*§	483	438	9.45	Select Cntry Htl
MS Intl.	91½	114	83	24.43	Dobson Park
Minet Hldgs.†	475*§	478	289	400.00	St. Paul Co's
Moorgate Merc.	140§	137	138	36.40	Woodchester Invs
Oilfield Insp.	63*	64	62	4.49	Hiscorp
Phoenix Props.	158	158	149†	58.28	Mountleigh
Share Drug	305*	300	315	32.02	Woolworth Hldgs
TSL Group	135*	132	105†	12.74	Saint-Gobain
Tricentrol‡	200*§	199	190½	185.73	Atlantic Rich.
Wigfalls	225*§	223	209	16.00	Dixons

*All cash offer. ††Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 26/2/88. †At suspension. Shares and cash. ϕRelated to NAV to be determined. ¶Loan stock. ‡Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Baltic	Dec	7,300	(5,500)	14.2	(12.4)	2.8	(-)
Barclays Bank	Dec	339	(895)	-	(-)	-	(-)
BPP Holdings	Dec	1,060	(625)	17.3	(14.0)	6.6	(5.6)
Capital & Count	Dec	24,890	(14,150)	16.6	(12.4)	8.5	(7.0)
Chartered Trust	Dec	18,750	(12,530)	-	(-)	-	(-)
Cont & Ind Tst	Dec	13,642	(5,745)	52.4	(19.7)	50.0	(20.0)
Energy Capital	Sept	1,050 L	(431 L)	-	(-)	-	(-)
Fairway	Dec	605	(381)	5.8	(4.4)	1.5	(-)
F&C Enterprise	Dec	936	(870)	0.2	(0.21)	-	(-)
Grahams Rintoul	Dec	1,340	(538)	-	(-)	-	(-)
Gt Western Res	Sept	2,660	(790)				(-)
Hobsons Pblshng	Dec	778	(586)	21	(15.9)	6.7	(-)
ICI	Dec	1,312	(1,016)	113	(92)	41	(36)
Jacksons Bourne	Dec	523	(383)	16.1	(16.7)	7.0	(6.0)
McAlpine Alfred	Oct	31,440	(26,140)	59.8	(49.5)	16.0	(14.5)
Metal Bulletin	Dec	1,110	(1,290)	8.3	(9.5)	4.8	(4.8)
Murray Intl	Dec	8,990	(9,040)	5.2	(5.1)	5.5	(5.0)
Nat Westminster	Dec	704,000	(1.01bn)	57.0	(94.0)	24.0	(20.5)
Newage Trans	Dec	2,076	(1,525)	11.4	(9.0)	3.5	(-)
Provident Fin	Dec	26,700	(22,300)	36.1	(29.1)	16.0	(13.0)
Royal Insurance	Dec	274,000	(304,800)	-	(-)	19.2	(14.6)
Saga Holidays	Oct	2,200	(278)	6.7	(1.4)	3.0	(-)
SEP Ind. Hldgs	Sep	767	(470)	3.1	(2.6)	-	(-)
Stainless Metal	Aug	139	(1,040)	1.8	(13.5)	4.5	(4.5)
Stat-Plus Group	Dec	3,730	(2,726)	11.1	(7.9)	1.5	(1.7)
Tavener Rutledge	Dec	250	(218)	8.2	(9.2)	1.2	(1.0)
Temple Bar Inv	Dec	5,764	(5,537)	7.2	(6.8)	6.9	(6.2)
TSB (N.Ireland)	Oct	8,000	(-)	-	(-)	-	(-)
Tyndall Hldgs	Dec	6,650	(-)	10.9	(-)	5.0	(-)
Vickers	Dec	62,600	(52,580)	17.4	(16.2)	9.2	(8.4)
Wates City	Dec	10,810	(8,350)	5.7	(5.0)	2.8	(2.5)
Leslie Wise	Nov	2,100	(738)	4.9	(1.5)	2.0	(0.7)
Yeoman Inv Tst	Dec	2,170	(1,400)	8.8	(5.7)	9.2	(5.5)
Yorkshire Chem	Dec	6,250	(3,310)	25.4	(16.8)	7.0	(5.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alumasc	Dec	1,910	(2,430)	-	(-)
Baldwin	Oct	447	(222)	1.0	(-)
Benson	Nov	359	(340)	-	(-)
British Telecom†	Dec	1.69bn	(1.51bn)	-	(-)
Bryant Group	Nov	22,490	(11,710)	1.2	(0.7)
Burford Group	Dec	807	(773)	-	(-)
Dale Group	Nov	1,000	(1,190)	1.5	(-)
Eleco Holdings	Dec	1,650	(1,310)	2.2	(2.0)
FII Group	Nov	3,200	(3,010)	3.2	(3.0)
Geevor Tin Mines	Sept	304	(-)	-	(-)
Hanson	Dec	169,000	(151,000)	-	(-)
Herrburger Brooks	Nov	5	(64)	-	(-)
Highland Electronics	Oct	392	(575)	1.0	(1.0)
Isotron	Dec	970	(766)	-	(-)
Kwahu Company	Dec	368 L	(75)	-	(-)
Leisure Inv	Dec	643	[illegible]	0.5	[illegible]
Pict Petroleum	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ramar Textiles	Nov	[illegible]	[illegible]	[illegible]	[illegible]
Scholes GH	Dec	3,300	(2,800)	5.5	(4.5)
Scott,Eng & Euro Tex	Oct	344	(396)	1.6	(1.6)
SelecTV	Sept	73 L	(143 L)	-	(-)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. L = loss. †Third quarter figs.

RIGHTS ISSUES

Smallbone are to raise £2.96m via a rights issue of 3.1m 7.25 per cent convertible redeemable participating preference shares at £1 per share on the basis of 55 for every 100 ordinary shares held.

Jackson Exploration have announced a £5.7m one-for-one rights issue to be offered to shareholders at 9p each.

Leisure Investments is to raise £12.2m by offering 19.61m shares at 65p apiece on a three-for-five basis and 12 ordinary shares for every 13 preference shares held.

Oakwood Group have announced a £3.1m rights issue on a three-for-five basis at 275p each.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Guinness are to re-list on the Dublin Stock Exchange.

Gardiner are to come to the main market via a placing of 10m shares at 30p.

Archer AJ are coming to the Stock Market via a placing of 5.994m shares at 130p.

Transrap are to join the USM via a placing of 2.5m shares at 50p.

William Low plans to raise £31,600 net via a placing of convertible preference shares.

Aukett Associates is joining the main market via a placing of 4.2m shares at 95p each, valuing the group at £11.5m.

Norfolk House has joined the USM in a placing of 5m shares at 100p, valuing the company at £24m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
AAF Invest Corp	Wednesday	-	2.5	1.5
Baillie Gifford Shin Nippon	Friday	-	0.2	-
Baltic	Tuesday	1.5	-	1.2
Barclays	Wednesday	9.5	-	10.5
BPP Holdings	Wednesday	-	-	2.8
Capital & Counties	Tuesday	3.0	4.0	3.5
Continental & Industrial Tst	Tuesday	7.0	18.0	20.0
Energy Capital	Tuesday	-	-	-
First Scott American Tst	Tuesday	4.5	7.5	5.0
Foreign & Colonial Inv Tst	Wednesday	0.5	1.2	-
Grahams Rintoul Inv Tst	Monday	4.0	-	-
ICI	Thursday	14.0	-	16.0
Lloyds Bank	Friday	4.1	7.8	4.6
March Group	Friday	-	-	1.7
McAlpine Alfred	Tuesday	4.0	10.5	4.4
Metal Bulletin	Tuesday	1.6	3.1	1.8
Murray Int'l Tst	Tuesday	1.5	3.5	1.7
National Westminster	Tuesday	7.0	13.5	8.0
Newage Transmissions	Tuesday	-	1.0	-
Owners Abroad Group	Tuesday	-	1.5	-
Provident Financial	Tuesday	4.0	9.0	4.5
Ratcliffs (Gt Bridge)	Wednesday	1.5	0.5	0.7
Romney Tst	Thursday	1.6	3.5	1.9
Royal Insurance	Wednesday	5.2	10.2	-
Rub Estates Holdings	Friday	3.0	4.0	3.2
Saga Holidays	Thursday	1.6	3.0	1.8
Scottish Eastern Inv Tst	Monday	0.8	1.3	0.8
Sedgwick Group	Friday	4.0	8.0	4.0
SEP Industrial Holdings	Thursday	-	-	-
Stat Plus Group	Thursday	0.6	0.9	0.7
Temple Bar Invest Tst	Monday	2.4	3.3	2.6
Tyndall Holdings	Tuesday	-	-	2.0
Updown Invest Co	Wednesday	-	5.8	-
Vickers	Monday	4.8	7.2	2.7
Wates City of London Prop	Wednesday	0.8	1.8	0.8
Wise Leslie Group	Tuesday	0.5	0.2	0.5
Yorkshire Chemicals	Tuesday	1.5	3.5	-
INTERIM DIVIDENDS				
Bryant Group	Thursday	0.7	2.0	
Burford Group	Wednesday	-	0.2	
Dale Group	Wednesday	-	1.8	
DPCE Holdings	Friday	0.6	1.8	
Eleco Holdings	Wednesday	2.0	3.5	
FII Group	Monday	3.0	8.0	
Goodwin	Friday	-	0.4	
Hanson	Wednesday	1.4	3.0	
Herrburger Brooks	Wednesday	-	-	
Isotron	Thursday	0.6	1.2	
Kwahu Company	Monday	-	1.8	
Macro 4	Wednesday	1.1	1.7	
Murray Income Trust	Tuesday	2.0	4.2	
Ramar Textiles	Thursday	-	1.7	
Scholes GH	Monday	4.5	9.5	
Scott Eng & Euro Textiles	Tuesday	1.6	3.7	
Tor Investment Trust	Thursday	5.5	11.9	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. first quarter figures, per share gross.

Short-term gains and long-term confusion

West Germany

WEST GERMAN equities have just ended an unusually busy three weeks, which have seen the FAZ index push up from 397 to almost 460 on Thursday, its highest since November 4 last year.

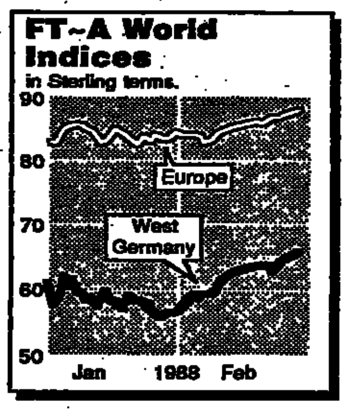
The euphoria in the market has been all the more striking against the background of last year. Not only did West German shares fall unusually heavily in the crash, but unlike most of its European counterparts, the market had already been treading water for much of 1987. However, while the present smiles on German brokers' faces are understandable, the reasons behind the climb in share values are somewhat harder to comprehend.

True, the dollar, which has played a decisive role for many investors in West German shares, has consolidated at around DM1.69, and a string of recent US economic indicators, notably the trade statistics, have suggested that the massive deficit may at last be coming to heel. But despite the strong correlation between the Deutschemark/dollar exchange rate and investors' confidence about the bourse, currency stability is not enough to explain the rush of buying in the past three weeks. Indeed, many analysts now believe the market is overbought and ripe for a consolidation. A correction of between 2 and 5 per cent is widely expected, approximating to between 10 and 20 points on the FAZ index.

What really divides market-watchers is the likely course of German equities thereafter. While some see the FAZ index breaking through the 500 mark after its imminent consolidation, others are much less sanguine. "The market is probably oversold at 400, but we are expecting a trading range of 400-450," says one.

The key factor behind German equities' longer-term course is the dollar and, more precisely, whether it has hit bottom. Those most bullish about the German market have taken heart from the fact that the dollar is now worth over 10 pfennigs more than its record low at the end of last year.

However, Mr Adrian Brundrett, an analyst at Citibank in Frankfurt, doubts that the US currency has yet turned, despite its recent relative stability. It is easy to forget that last year's nadir of almost DM1.57 was an artificial level, manufactured as part of a successful joint policy by leading central banks to catch the market short. The present exchange rate inspires less confidence when seen against December's average rate of DM1.6332.



FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Jan 4th 1988	£ Sterling % change since Oct 19th 1987
Australia	+1.9	-41.1
Austria	-6.0	-18.1
Belgium	+28.6	+7.2
Canada	+8.7	-4.4
Denmark	+9.1	-5.6
France	+11.1	-9.3
W Germany	+13.4	-19.4
Hong Kong	+8.8	-35.7
Ireland	+16.3	-25.0
Italy	+1.3	-22.8
Japan	+24.7	+3.2
Malaysia	+7.6	-29.3
Mexico	+46.8	-60.3
Netherlands	+9.9	-8.1
New Zealand	-7.3	-49.3
Norway	+14.5	-37.4
Singapore	+12.8	-30.6
S Africa	+1.2	-36.7
Spain	+10.2	-20.5
Sweden	+19.0	-16.3
Switzerland	+8.6	-18.6
UK	+2.5	-13.9
USA	+9.0	+9.5

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Even assuming that the exchange rate remains stable at about current levels, Germany's domestic economic outlook for 1988 is unpromising, despite regular encouragement from Mr Gerhard Stoltenberg, the federal Finance Minister, who is sticking to his 1½ to 2 per cent GNP growth forecast for the year.

Most analysts are far less sanguine, with some forecasting a figure as low as 0.8 per cent. Even German companies have become gloomier and more are thinking about cutting their workforces, according to a survey by the Association of German Chambers of Commerce published this week. Meanwhile, recent research by Westdeutsche Landesbank, one of the country's biggest banks, suggests that output by manufacturing industry will grow by 1 per cent at best in 1988.

"There is no fundamental case for German stocks," concludes one analyst, adding that unemployment looks set to rise further, while corporate earnings in most sectors of the economy are likely to remain flat.

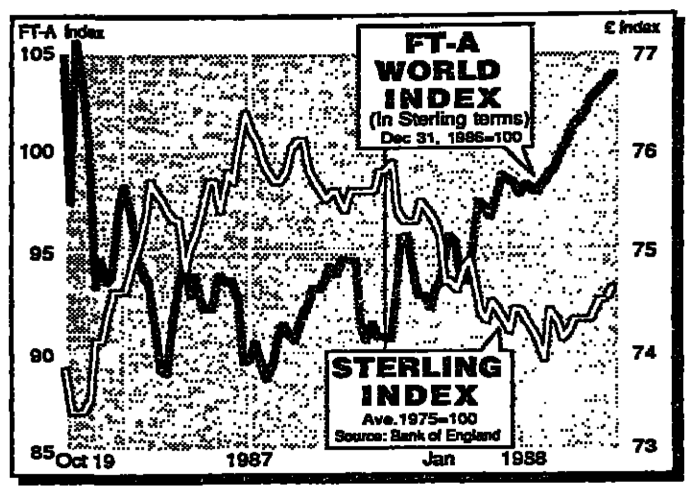
That did not daunt Mr Walter Seipp, chief executive of Commerzbank, from predicting confidently earlier this week that German share prices were set to spring back to their pre-crash levels, thanks to the stable parity level, low German interest rates and exporters' "remarkable ability to adjust" in the past two years. The 37 per cent fall in equity prices across the market as a whole between the crash of mid-October and the end of last year also showed "the upward potential that exists," he said.

Talking up one's own book is justifiable, even for the chief executive of a leading bank. But Mr Seipp's comments hinted at certain differences of opinion between some domestic and foreign analysts that have become noticeable recently. Not all German-based commentators have turned bullish overnight , but there is undoubtedly a more upbeat tone to be heard in German than in foreign banks and broking houses at present.

According to Degab, the securities research arm of Deutsche Bank, there has been a marked change of investor sentiment since November, when "market psychology got very distant from reality." Moreover, part of the recent rally is attributable to certain UK institutional investors. They have returned to the German market both in expectation of price rises and because they want to lock in potential currency gains in case of a fall in sterling.

Degab argues that a mixture of fundamental and earnings-related factors will push the market higher. Economic data for the first quarter of 1988 should certainly show a sharp rise over the corresponding period last year, but this will largely be due to the much milder weather this year compared with the harsh conditions of 1987.

Moreover, companies are gearing up to putting a bright picture on their prospects in the run-up to the spring reporting season, says one analyst. Recent press reports of a favourable outlook at BASF are just one example, though Mr Edzard Reuter, the chief executive of Daimler, was typically candid in giving a realistic assessment of flat earnings for 1988 in his own comments earlier this week. Nevertheless, there are already signs that some banks, in particular, are preparing the way to announce better-than-expected results.



However, while certain stocks, such as Siemens, Daimler and Deutsche Bank, which were heavily sold by foreign investors during the crash, have come back disproportionately strongly of late, the market has seen no more than the long-awaited "tradeable rally" from its lowest points, according to Mr Roger Hornett, of James Capel in London. Thus the familiar international names which fell particularly heavily during the crash have now made up ground faster than "safe" defensive stocks such as RWE and Veba.

Short of some tremendous rally in the dollar, however, there seem no grounds to warrant the heady extrapolations now being made by some German banks that shares are poised to power ahead. Indeed, the German market has not even managed to conjure up the host of special situations which have driven up share prices across the border in Belgium and France. Puma, the sports shoe and clothing manufacturer, the share price of which plunged not long after its flotation in mid-1986, may be in talks with a bigger partner (not Britain's BTR), but one swallow does not make a summer.

Haig Simonian

The mythology of numbers

Wall Street

THE NUMBER 2,050 is taking on almost mythological significance on Wall Street. Three times since last October's crash investors have tried to push the Dow Jones Industrial Average through that level. Three times, most recently this week, they have failed.

Those investors and traders trying to roll the rock up the hill have been running into nasty ambushes. Gangs of faint-hearted institutional investors camouflaged as buyers have lain in wait for them at the summit. When the Dow arrives they set about it with heavy sell orders and kick it back down the hill again.

The sell-off was particularly vicious on Thursday. The Dow flirted briefly with 2,074 before the institutions bailed out, driving it down nearly 60 points. The selling was exacerbated by heavy programme trading between stocks and stock index futures, the first since several major firms decided to bow out of the controversial arbitrage technique last month.

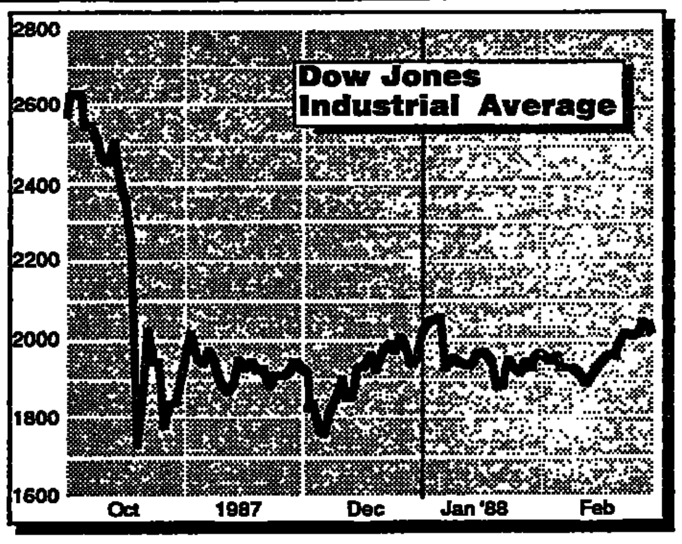
Not even relatively reassuring words from Mr Alan Greenspan could generate more enthusiasm for equities. The chairman of the Federal Reserve told Congress that the central bank had eased monetary policy a little in recent weeks and that there was no sign of a recession in the immediate future. Yet, many investors seem to be taking an unusually long view of the economy. However encouraging the economy might look now, they cannot believe it can escape undamaged for ever from last October's crash. "October's events still weigh very heavily on both the rational and irrational thoughts of investors," says Mr Hugh Johnson, chief investment strategist of First Albany. He found a recurring fear when he talked this past week with delegates drawn from around the country to a New York conference. "They are waiting for the other shoe to drop."

The market will face another test on Tuesday, when the Government releases January's leading economic indicator figure. The index is likely to show a decline of between 0.2 and 0.4 of a point from December, making the fourth consecutive monthly decline. In the past such a performance has often been an early warning signal of a recession.

The mix of caution and "will-it-or-won't-it" drama surrounding the Dow Industrials has failed to permeate, however, other sectors. The tertiary stocks, those traded over the counter, have been enjoying a solid little rally which has made the blue chips look distinct laggards. The Nasdaq over-the-counter composite index rose 12 sessions in a row up to Thursday night, taking its gain so far this year to 10 per cent against a meager 4 per cent rise in the Dow and 6 per cent in the Standard & Poor's 500 index.

Naysayers consider the Nasdaq strength a sign of a bear market rally and a harbinger of trouble to come. At best the over-the-counter stocks are only playing catch-up with the blue chips. They are still down 14 per cent over the past 12 months, compared with a 9 per cent decline in the Dow. Mr Johnson argues, though, that investing in secondary and tertiary stocks is a sensible strategy given the outlook of declining p/e multiples, a continuing switch from consumer spending to export-led manufacturing stimulus for the economy and the possibility of a recession. Within the ranks of OTC stocks are many companies which should be able to sustain earnings. "These are niche stocks which are relatively immune to macroeconomic forces."

Why buy, for example, a blue chip aerospace company like Boeing or United Technologies, which builds Pratt and Whitney aircraft engines? Both of these are likely to suffer as sales of new aircraft and engines deteriorate. In contrast, Sequa and Barnes Group, two OTC companies involved in aero engine maintenance, should cruise through any downturn as airlines overhaul and hang on to older aircraft.



For market players still looking for fun until the other shoe finally drops, takeover stocks provided some excitement last week. The biggest bid in recent weeks, Campeau's for Federated Department Stores, was close to success yesterday morning with the two parties negotiating over an improved offer for $68 a share, or $6.02bn in total, a price sure to please the arbitraguers. Campeau, an audacious raider which had snapped up Allied Stores last year, found an unusual 11th-hour ally. Marks and Spencer, the UK retailer, provided vital funds by agreeing to buy its Brooks Brothers clothing business for $770m.

To trans-Atlantic travellers familiar with M & S in the UK and Brooks Brothers in the US, the union appears fraught with possibilities — or dangers. Brooks Brothers labels and style carry a valuable cache which could be rapidly devalued by expanding the company into the mass market. Conversely, the thought of Brooks Brothers clothes stacked high on M & S's Oxford Street counters is sure to cause rumblings within the Eastern US establishment. For them, the clothes are than a uniform, plumage for birds which flock together.

Wall Street is excited about the possibility of many more takeovers of retailers in the months ahead. The stocks are trading at a discount of some 20 to 25 per cent below the Standard & Poor's 500 index because of investors' suspicions that consumers will stop spending soon. In the meantime, heavy inventories are forcing price cuts and diminished profits on the stores. Even though the retail spending outlook is not very bright, many retailers offer value to raiders. "It's cheaper to acquire retail companies than to buy them. Book values of existing companies are below replacement cost. And operating leases are below the market cost," said Mr Robert Raiff of C.J. Lawrence.

The list of potential targets is long: Ames, Dayton Hudson, K-mart, May, J.C Penney and Woolworth, to name but six. But while those companies fend off the raiders, the market will be dealing with another sort of Wall Street logic. The market dislikes a stand off, so some analysts are wondering if stocks cannot go up, will they go down? To them, a Dow of 1,850 looks like a solid base from which to launch a fourth, feeble assault on the mythological 2,050.

Monday	2,040.29	+ 25.70.
Tuesday	2,039.12	− 1.17
Wednesday	2,039.95	+ 0.83
Thursday	2,017.57	− 22.38

Roderick Oram

Clive Wolman on the UK's first comprehensive investor protection system

A rush to keep to the rules

THE SEVEN-YEAR process of introducing the UK's first comprehensive investor protection system reached a bizarre climax at midnight last night as the last-minute applicants for authorisation scurried into the offices of the new self-regulating organisations (SROs).

For the first time, several thousand small insurance brokers, securities dealers, investment and financial consultants and commodity futures brokers are having to submit to a detailed form of regulation. Most of the stragglers, who have been rushing to submit their applications by yesterday's deadline despite months of warnings, have come from their ranks.

When the Financial Services Act comes into force in stages during the spring, summer and early autumn, several hundred such firms will go out of business, perhaps because they missed yesterday's deadline or because they were not considered "fit and proper" persons.

However, the most common reason will probably be that the new regime has undermined the profitability of their businesses, in particular because of the rules requiring them to sever special links with individual life insurance companies.

At the other end of the social spectrum, the City's leading merchant banks, accustomed to complying with no more than an unwritten code of behaviour enforced by their club and supported by the occasional nudge from the Bank of England, are now having to grapple with several lengthy and complex rulebooks, one for each of the SROs they are obliged to join.

Even the Stock Exchange member firms, for long regulated by a weighty rulebook and a large surveillance department, are feeling the difference. The new rulebook is more detailed, legalistic and sophisticated both in its controls on the way firms deal with their customers and on the amount of capital they need to cushion their operations. All the larger firms are setting up computer systems to monitor their capital, risk exposure and holdings of client money, as well as installing compliance departments and client manuals.

How will all this disruption and bureaucratic intervention help the small investor, supposedly the chief beneficiary of the new regime?

He or she will have the reassurance that the broker or adviser that he or she is relying on to choose an appropriate life insurance policy, unit trust or share portfolio has at least a modest degree of knowledge, experience and information. Although the broker will not have to disclose how much commission he is pocketing for recommending any particular investment, the "best advice" rules should at least inhibit him from making the more outrageously self-interested recommendations that have been common in the past. If the investor believes he has been wrongly advised or that his transactions have been poorly executed, his means of redress will be greatly improved.

In the first instance, he will be able to complain to the ombudsman of the relevant SRO, who will be empowered to propose compensation.

Second, if he can demonstrate that he has suffered a loss as a result of a breach of any of the rules of the SRO to which his investment firm belongs, he will be entitled to compensation through the courts. Even more attractive for the typical reluctant British litigant is the provision that allows the Securities and Investments Board (SIB), which is overseeing the SROs, to sue on investors' behalf.

The fallback will be the compensation funds which will pay out when investors have lost money when an authorised firm becomes insolvent. This should end the embarrassment and distress caused by the series of collapses of fringe securities and investment management firms such as Norton Warburg and MacDonald Wheeler or firms speculating on commodities, like M.L. Doxford and the companies of Mr Keith Hunt.

Critics of the new framework argue that investors could have been afforded a similar degree of protection without any need for the intricate SIB-SRO structure. One of the most powerful critics, because he does not represent any industry interest, has been Mr Charles Goodhart, professor of banking and finance of the London School of Economics and former Bank of England adviser on monetary policy.


Professor Jim Gower: reviewed investor protection in 1981

He argues that a small proportion of the money now being spent on installing the new regulatory system, which he estimates at more than £100m, could have financed a generous compensation fund which would have covered all MacDonald Wheeler-type losses. The only regulations necessary would have been to protect the compensation fund by imposing minimum capital requirements on all investment firms. All the new SIB and SRO rules which govern the relationship between investment firms and their clients could be dispensed with. All the necessary protection for investors, he says, is already provided by the common law.

The attraction of this approach is that the common law is based on a series of fairly simple principles. By contrast, the SIB rulebook has become legalistic and incomprehensible to the layman. It has made what is bound to be a futile attempt to foresee and provide for every contingency. Inevitably the moves to impose detailed restrictions on firms led them to demand equally detailed exemptions.

Matters were made worse by the lack of interest in the emerging rules shown by most leading City practitioners, at least until a late stage. They were too busy preparing for Big Bang. As a result, the SIB has relied excessively on civil service and inexperienced lawyers. Much of the practitioner input has come from US financiers.

Because the SRO rulebooks are obliged to offer an equivalent level of investor protection to that of the SIB rulebook, they resemble each other in basic principles but differ in their details. Those organisations whose activities span several SROs have had to incur double or treble the lawyers' fees to check the nuances of all the rulebooks and draw up their own compliance manuals.

However, to rely exclusively on the vagueness and the vagaries of the common law would have been to go to the other extreme. Such uncertainties have always made the risks and the costs of litigation excessive for small investors. As a result there is little case law applicable to present day investment disputes. And under the present regime there is often no alternative means of redress.

The Stock Exchange offered a partial alternative. But its rule book and enforcement mechanisms were badly in need of an overhaul as a result of the quadrupling of the number of individual shareholders since 1979 and the Big Bang reforms. The breakdown of the ethos of a small "self-regulating" club with the influx of outsiders made inevitable some form of statutory backing for an investor protection regime.

Ever since Professor Jim Gower was appointed to carry out a review of investor protection in mid-1981, most of the discussion has focused on the optimum balance between the statutory and "self-regulatory.", or practitioner-led, elements of a new regime. The structure that has finally emerged by which the Department of Trade and Industry has delegated most of its responsibilities to the SIB, a private sector organisation, the main function of which in turn is to oversee five SROs, has been described as either an elegant or a clumsy compromise.

The first target for reformers once the Act takes effect must be the merger of IMRO, the SRO covering investment managers, with LAUTRO, which covers life assurance and unit trusts. Its role has become limited to little more than drawing up a scale of commissions payable by insurance companies to brokers introducing business.

As with most comprehensive reforms, the new structure is the product of a mass of incremental changes and messy compromises, rather than the logical result of a clear-cut statement of principle. However, one of its chief virtues is that it should be fairly easy to improve.

Richard Waters reflects on an important date

Did you forget P-day?

INVESTORS already thoroughly confused by talk of SROs, RPBs and the SIB will be finished off by "P-day" (which happened yesterday, in case you didn't notice). Yet it may be worth exploring further, since this was the first important date in a process that is meant to improve the lot of all private investors.

P-day itself had no direct effect on investors. It is simply the date by which any firm which advises on or manages investments should have applied for authorisation under the Financial Services Act. The Act did not actually come into force: that will happen sometime in April, if the Government sticks to its current timetable. The regulators do not expect to have had time to process all the applications by this date (which is known as A-day).

Yet P-day has important indirect implications for investors. This is best illustrated by taking the cases of three investment firms: one that failed to apply by yesterday (and there are believed to be a good many of these); one that applied but does not have its application processed by the big day in April, and one that has applied and been processed by then.

The first firm can still apply for authorisation, but it is virtually certain that its application will not be processed by A-day, given the deluge of late applications. It will have to stop trading after the Act comes into force until it has been authorised. Otherwise, it will be breaking the law.

The second firm will be able to continue to trade after A-day, even though it has not been authorised. This is a concession granted to everyone who applied by yesterday. When the regulators finally get round to processing this firm's application they may decide that it does not come up to scratch, in which case it will have to stop trading immediately.

The third firm will have jumped through all the regulatory hoops and will be fully authorised.

The problem for investors will be telling these three firms apart. Only the third category of firm is certain to have come up to the new high standards of investor protection. Of the others, the first will be illegal, while the second may be incompetent.

This does not mean that investors who have an established relationship with a category two firm should look elsewhere immediately: these firms have not failed any test, they are simply caught up in the application process.

To get around the identification problem, firms will have to explain their status on their letterheads. Category three firms will state that they are authorised and name the regulatory body that has provided the authorisation. Any complaints about the firm should be directed to this body.

Category two firms will state that they have "interim authorisation." The Securities and Investments Board, the chief regulatory body under the new Act, plans an information campaign to tell investors what this means. Enquiries about firms in this category should be made direct to the SIB.

Firms in the first category will have nothing on their letterheads. It is well worth looking: these firms should not be in business and their clients will enjoy none of the benefits of the new Act.

These benefits include:

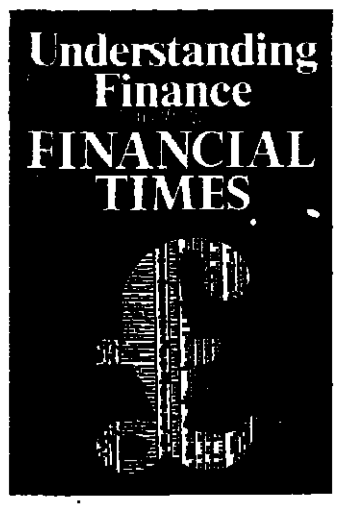
- Compliance with a set of minimum standards which are meant to make sure that advisers understand their clients and offer advice based on a knowledge of their particular market.
- A compensation fund for clients of failed firms. This covers the first £30,000 of any loss and 90 per cent of the next £20,000 (a maximum of £48,000). This will only cover losses made after July.
- The assurance that clients' money is being kept in a separate account and not absorbed into a firm's own business.

مكررا من الاصل

· FINANCE & THE FAMILY ·

Where the number crunchers go

Terry Byland gives Weekend FT readers a first taste of his new book. We will be publishing more extracts in coming weeks



THE Financial Times, or indeed any other financial newspaper, is inextricably linked in the public mind with those columns of closely-printed share prices which dominate the back pages of the paper. According to Marilyn Monroe in the film "Some Like It Hot", these closely-printed columns were responsible for the short-sighted gentlemen that she found so attractive. They include a wealth of useful and interesting information once you know your way round them.

The London Share Service may appear a little discouraging at first glance. Once you have looked up the price of your own stocks, what else is there to read on the prices pages? Quite a lot, in fact.

In addition to indicating the daily price movement of individual shares, the prices pages also convey information of great assistance to the private investor who, lacking access to the high-powered research departments of the big securities firms, must act as his or her own analyst.

The column headings at the top of each share price page each provide details that give an insight to the past, present and future performance of the company concerned, as well as a view on the general state of the market. The column details, for example, have changed significantly since Black Monday in October.

Reading from the left, the first columns carry the High and Low of the share price over the previous twelve months. This provides a quick measure of the share's current standing, both against its own past performance and also against that of the rest of its sector, or the market as a whole.

The share price, and the movement on the day, speak for themselves. The next three columns, headed Div net, C'vr, Y'ld Gr's and P/E, are less esoteric than they look.

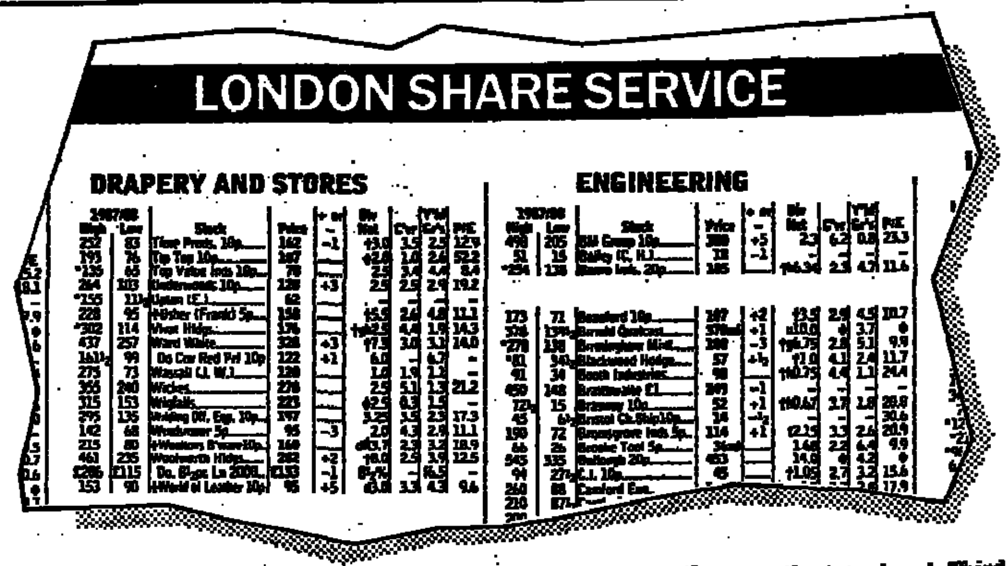
● Div net (short for dividend net) is the rate paid in the latest year, with tax deducted at standard rate.

A high yield figure indicates that the stock market regards the company as a reliable "earner," unlikely to omit or trim its dividend – but also unlikely to produce any sudden increase in profits or change in corporate direction. A low yield suggests prospects for higher dividends or for expansion into new growth areas for the company.

● C'vr (short for cover) tells you the number of times the dividend is covered by earnings available to shareholders.

A high cover figure indicates that the company is retaining earnings in order to finance future developments. However, such caution can cause a build-up of reserves which makes the company attractive to take-over predators. Stock market analysts are often critical of companies with high cover for delaying putting such reserves to use. Low cover for the dividend suggests doubts about future payments if profits come under pressure.

● Gr's (short for gross dividend yield) is the return to investors before deduction of tax.



Dividend yield is shown gross because this is what the company has to set aside out of its profits to pay the dividend, although the payment to the investor is normally made net of standard rate tax. Yields are valuable for the information they disclose generally about the company and its market rating.

● P/E (price/earnings ratio) is the current share price divided by the earnings per share over the latest twelve-month period. The FT calculates earnings net of corporation tax and of unrelieved advance corporation tax.

A high price/earnings ratio indicates that the market is optimistic about the company's earnings prospects. Future earnings are assumed to be future dividend payments and dividend flow provides sustenance for share prices. A low p/e does not mean that company is doing badly, but simply that the stock market does not see significant growth opportunities ahead.

Some shares (and sectors) carry no price/earnings ratios because the FT considers they would be irrelevant or misleading. Investment trusts, for example, have no earnings of their own but merely hold *shares in the earnings of other* companies. Mining finance houses are essentially investment trusts with holdings in mining companies.

In deciding the various headings, the FT generally follows the Stock Exchange Official List in assigning companies to particular sectors. However, since the List has more sectors than the FT, compromises have had to be made.

USM (Unlisted Securities Market) quoted shares are intermingled with the main body of the London Share Prices pages – a Maltese Cross draws attention to the explanation in the footnotes. However, the recently introduced Third Market for smaller companies has been treated as a separate sector.

On Monday morning, freed from its obligation to report on daily movements in share prices, the FT alters its share price columns to give information about dividend payments and dates. In the first column, instead of the High and Low of the share prices, the months in which dividends are due is given. In the price change column appears the last date on which the shares went ex-dividend in the market: until that date, a buyer was entitled to the last dividend payment – buyers on that date had no such entitlement. ● **Understanding Finance with the Financial Times, by Terry Byland, was published on February 25, by Harrap, at £5.95. It is available from bookshops or FT Business Information, 7th Flr, 50-64 Broadway, London, SW1H ODB.**

BES flood continues

THE FLOOD of Business Expansion Scheme issues continues, including a number of further issues for companies less than one year old. Explanations vary, ranging from faster than anticipated growth to bad budgeting on the part of directors. An undersubscribed first issue is often followed by a second attempt to make good the shortfall.

It is worth considering whether potential investments are realistically financed, and whether the company's activity is the kind which is likely to eat into capital. In particular, property development and construction are heavy capital consumers, and there has been no shortage of these companies seeking to use BES to finance developments.

Perhaps there are just too many property developers currently trying to raise money. Alliance Property and Construction has extended its closing date for applications for its second BES issue. "The first time round, the date wasn't really realistic," says John English, managing director, formerly a main board director of Heron Corporation.

Alliance is seeking £5m to expand its building/development activities, although it raised £2.9m from BES shareholders last April. Shares are being offered at 110p.

Profit before tax for the first half year, to September 30, was £11,571, but English warns the second half will not be as good. He does, however, expect the company to be in the black. "We have had a lot of costs, particularly issue ones, which have not been met through profits from construction or development contracts," he says. "In general, jobs are over-running the year end. Although we are paid monthly on a secured basis, we do not take the profits onto the P & L till the year end."

Another construction and property company currently seeking further finance is Peter Ling, which raised £741,000 out of a maximum subscription of £5m. Having cleared up a few points in the prospectus and changed sponsor from Austen Horn to Oceana, it is now looking for £5.75m, offering shares at 115p. This is a 15 per cent premium to the original issue price - not bad going compared with the stock market.

Alan Leith, managing director, argues that the premium "represents the progress we have made, and anticipation of future profits. Also, the first collection of investors were offered a green field company."

Peter Ling's profit record illustrates the vagaries of the property business, with a loss in 1984 and subsequent recovery. "There was a hiccup as we geared up for expansion and some of our contracts were deferred," says Leith.

Current orders amount to £9m, of which £3.5m is in design and build work. This is a higher risk/reward business than ordinary contracting, because if the developer finds something wrong with say, the foundations, it is his problem rather than the clients' and the building work has to be modified accordingly. However, potential margins are also higher.

Retail and office property development is likely to provide the mainstay of earnings at Whitmore Holdings this year, as the company expands its motor distribution business with new freehold sites. Whitmore has a dealership franchise to deal in Lotus and Suzuki cars in an area ranging from North Staffordshire to Greater Manchester.

Company	Business	Sponsor	Subscription Minimum/ maximum	Minimum individual	Closing date application
Alliance Property & Construction	Property Development & Construction	Guidehouse	Nil/£5m	£1,100	4.4.88
Peter Ling	Property Development & Construction	Oceana Asset Management	£750,000/ £5.75m	£1,150	26.3.88
Whitmore Holdings	Property Developments & Motor cars	Capital Ventures	£850,000/ £2,600,000	£2,000	14.3.88
Europe	Financial Service Advisors	Oceana	Nil/ £1.3m	£1,300	25.3.88
Anthus Films	Film Producers	Marcia Venture Capital	£450,000/ £600,000	£1,000	21.3.88

"We believe we are the only company to specialise in this type of service, offering this kind of range," says Bernard Harris, chief executive. "We are certainly the largest in Europe offering advisory services on EEC regulations and so on."

Eurofi has 52 staff, though some are self employed consultants. The profit record reflects the extent to which resources have been ploughed back into the business to finance expansion, but future projections are for £400,000 for the year to June and £1m for the year after, assuming maximum subscription.

The planned introduction of a single European market in 1992 - about which Harris admits there is plenty of cynicism - should create even more demand for the company's services. Those who panic at the sight of a tax reform can appreciate the scope for the company's product.

Finally, to Stretch and Slim, the names of animated characters from the planet Alphabetica. Their inventors have already started making a 13-part series of films for children's television. But the commercial potential is in their exploitation for merchandise - displaying the characters on pyjamas, mugs and alarm clocks.

Capital Ventures, the sponsors, have a good track record in finding successful entrepreneurs - which is what this issue is about. Roger and Zoe Walker, who run Whitmore, have built up quite a profitable business since 1983 - but this year will be an expensive one.

The best things often come in smaller packages. One of the most modest issues on offer also looks like one of the more interesting. The company is Eurofi, which has been providing specialist advice and consultancy services to companies wishing to benefit from the confusing range of EC and government grant and loan schemes. It also publishes a range of reference and business books.

Anthus Films is seeking to raise a modest £600,000 to finance the production of series like the Adventures of Stretch & Slim, develop their merchandising potential, and researching and writing further children's stories. Profits are forecast to move into the black in 1989 with £354,000 and up to £714,000 by 1992.

Anthus believes the screening of Stretch & Slim will take place during the next financial year. Potential investors have their word - but not a lot else. It is worth looking at the prospectus to see whether characters like the Ho-Hum Dragon grab you. Personally, if it were on my pyjamas or bedroom wall it would give me nightmares.

Heather Farmbrough

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• FINANCE & THE FAMILY •

John Edwards on a publicity drive for a banking service

The Direct Debit team: the banks' publicity characters

More credit for direct debits

DIRECT DEBITING is good for you. That is the message on which the banks, and utilities such as British Gas, electricity boards, British Telecom and local authorities, are spending a great deal of money to put over in a big publicity campaign starting shortly.

The campaign, being co-ordinated by the Banks' Automated Clearing Service (BACS) will use television advertising in the TVS and Central regions costing some £400,000. It will be backed by the mailing of 27m leaflets sent out by the "originators" (the organisations receiving money by direct debit), bringing the total cost of the campaign to nearly £10m.

Why spend such a large sum on a campaign of this sort? According to Derek Balmforth, head of BACS business development, it is all for our own good. Direct debits, he says, are the modern, most efficient, and least painful way of making payments. They can be very flexible, since you can vary them much more easily than standing orders, they can help spread payments, give you more control of your money and, in spite of nasty rumours to the contrary, can be cancelled or altered immediately with no problems.

Those bank clerks who tell you that you have to contact the receiving company when wishing to amend or cancel a direct debit are talking nonsense, he says. You are also not signing your life away by agreeing to a direct debit, since no change can be made without your prior approval. What is more, there is a money-back guarantee that your money is immediately refunded in the unlikely event of an error.

Mr Balmforth concedes that direct debits also save a great deal of money for the banks and "originators" because they can be automated and provide considerable administrative savings.

Standing orders are, he says, one of the most troublesome transactions for a bank to handle, while direct debits are among the least troublesome. They are easier to handle than cheques and standing orders. It is estimated that the cost of a direct debit to the "originator" is half that of a standing order and a third of a cheque transaction, which explains why there is a constant push to persuade us to switch to direct debits.

One area, however, where the banks do not seem too keen to extend direct debiting is towards paying credit card charges. American Express, for example, have a facility under which you can arrange regular monthly payments to ensure that you do not get too far in debt. But American Express is a charge card, where you have to settle up debts within a specified period. For credit cards like Access and Visa, it is the excessive interest charged on outstanding balances that makes them so profitable to the banks. In that case direct debits are – for the banks – not such a good thing after all.

A-day aims for protection

IN JUST two months the full weight of the Financial Services Act 1986 comes into force in Britain, provided the Government sticks to its guns and ignores impassioned pleas from some sections of the financial services industry for yet another postponement.

From Authorisation Day (or A-Day as it is known) there will be a new system for investor protection in the UK. But what does it mean for expatriates? Quite a lot, is the short answer.

There are two principal points. The first is the extent to which expatriates will be protected by the rules through their dealings with a British financial adviser or provider of financial products, such as an insurance company or fund management group. The second relates to the effect of the UK legislation on financial companies operating from non-UK territories with which British expatriates traditionally deal.

The first point can best be illustrated by an example. Suppose a UK-based financial adviser sets off on a business trip to Riyadh or Hong Hong or Nairobi with a view to doing business with British expatriates. The adviser, a properly authorised member of the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA), sets himself up in a hotel room, transacts his business and returns home three weeks later with a briefcase full of instructions from new clients. In this situation the adviser's clients are as fully protected by FIMBRA's requirements for "best advice" to be given as any UK resident would be. Incidentally, in this situation the protection extends to clients of any nationality and is not restricted to British expatriates.

Suppose, however, that the FIMBRA financial adviser decides that travel no longer broadens his mind, but simply broadens his waist-line. He therefore decides to cut down his global commuting and instead opens offices in Riyadh, Hong Hong and Nairobi. The situation then is different. He is no longer legally bound by UK investor protection laws.

FIMBRA's communications director, Fiona Monro, says it will not accept members outside the UK because it cannot enforce its rules on such businesses. In other words, the determining factor in the application of the Financial Services Act is the location of the financial advice business, rather than the location of the client.

Naturally an investment adviser setting up shop in another country will have to abide by that country's rules. But, as Robin Dix of the Securities and Investment Board (SIB) explains, it would be prudent for an expatriate to check what protection is afforded by the country in which you are based before making an irrevocable decision to do business with a company in that country.

The second point of major interest stemming from the Act concerns so-called designated status. The legislation provides that managers of a non-UK collective investment scheme (most typically an offshore fund) cannot market that fund in the UK unless the territory from which it operates has been awarded designated status by the British Government, and the management company itself has been authorised.

To achieve designated status the non-UK territory will have to demonstrate that its investor

protection safeguards are at least equivalent to those required for UK authorised unit trusts. Similar criteria will be required of insurance contracts promoted by non-UK companies who wish to sell to British residents.

Progress on giving designated status looks like being slow. So far only the Isle of Man seems destined to get designated status at the same time as the Financial Services Act is fully implemented in the UK, and then only in relation to insurance products.

The timing of designated status for offshore fund territories is even less precise. In recognition of this, Mr Francis Maude, the UK corporate affairs minister, announced recently that offshore funds listed on the London Stock Exchange could continue to be sold in the UK until July 1. This allows a breathing space for the designated status process to gather momentum.

The Department of Trade and Industry, which has the task ofjudging applications for designated status, has had informal approaches regarding offshore funds from Jersey, Guernsey and the Isle of Man as well as what it calls "less than informal approaches" from Bermuda, Switzerland, Hong Hong and the Turks and Caicos Islands.

Although the DTI's main concern, and indeed the main purpose of the Act, is to protect UK investors, there is an obvious spin-off effect for expatriates. This arises from the fact that if a non-UK territory upgrades its own investor protection laws so as to get designated status for UK marketing purposes, that upgrading should apply to all investors irrespective of their nationality or place of residence. It is even possible that FIMBRA would be prepared to authorise advisers in territories which have designated status.

Peter Gartland is Editor of the new FT magazine for British expatriates, The International.

Late entrant joins the pension race

Eric Short reports on M & G group's pitch for an expanding financial market

TWENTY years ago, M & G Group took a major step into then uncharted territory by launching the first unit-linked self-employed pensions contract.

It has proved to be one of the best policy decisions taken by the group. It has provided a high investment return over that period and established M & G as a dominant force in the individual pension market.

However, the group has consistently ignored the company pensions market, except in offering investment management services.

The whole philosophy under its previous chief executive, David Hopkinson, was centred on providing investments to individuals centred on unit trusts. It was difficult to slot company pensions into this philosophy and while company pensions were still operating mainly on a final salary basis there was no great marketing pressure on M & G to offer such schemes.

It was content to let its rivals, particularly Save and Prosper, go ahead in developing money purchase company pension schemes. However, the 1986 Social Security Act has radically changed the whole pensions market – company and individual.

From April, company money purchase pension schemes will be able to contract-out of the State Earnings-Related Pension Scheme. These schemes are a natural vehicle for unit-linked operations and life companies are gearing themselves up for a major market campaign under highly competitive circumstances.

Save and Prosper is already reaping the benefits of its involvement in this field by becoming a major provider in industry-wide pension arrangements.

M & G this week entered the company pension field with the launch of the M & G Company Pension Plan and its Free Standing Additional Voluntary Contribution Scheme.

The Company Pension Plan is similar in style to all others that are now appearing on the scene, both in benefit structure and investment opportunities.

Each employee has his or her own identifiable fund within the scheme out of which a pension is bought at retirement. Employers and employees have a choice of 17 funds, though the vast majority are expected to opt for the managed fund. One distinctive feature is that employees get a 1 per cent loyalty bonus of additional units every five years.

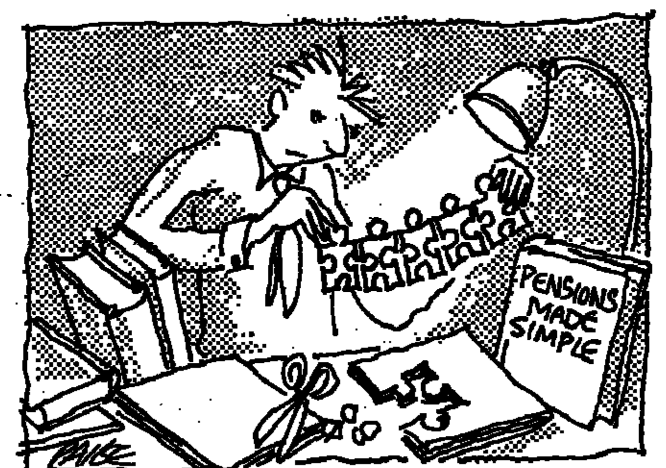
However, a company pension scheme has to provide two major features – top-class investment performance and first-class service and administration.

M & G can hold its own with anyone on the investment side. However, its administration is still an unknown quality – and company pension schemes require sophisticated administration systems.

Save and Prosper has had several years to perfect its administration to a pitch that is the envy of many others. It has secured the contracts for many industry-wide schemes as much on its administration as on its investment record. M & G has a lot of catching up to do.

· FINANCE & THE FAMILY ·

Decision time



PENSIONS

Eric Short looks at factors which employees should consider when deciding whether to stay in company schemes

FROM April, employees have the final decision on their pension arrangements. The choices *are to leave it all to the State,* leave it all to their company, make their own pension arrangements or a combination of each.

Previous articles have outlined what the State provides towards an employee's pension. Now we consider what company pensions can provide.

Company schemes can be divided in two broad types:

- Salary-related schemes where the benefits are pre-determined in terms of salary, usually at or near the retirement of the employee, and the contributions required to fund these benefits determined by the scheme's actuary.
- Money-purchase schemes where contributions are paid into a fund, usually but not necessarily on a pre-determined basis, and the accumulated fund used to buy a pension.

Final salary schemes are still the most common form of company pension provision.

Benefits and contributions for private sector and some public sector schemes are set out in *the trust deed and rules.* With many public sector schemes these details are laid down by statute. Overall, the Inland Revenue lays down limits for benefits and contributions.

However, almost all employers – both public and private – *provide expanatory booklets* that set out details of benefits and contributions, although it must be admitted that in many cases they are hardly in an easy-to-read form.

First, schemes will define what is known as pensionable earnings of an employee – the figure on which benefits are based and contributions determined.

The Inland Revenue's definition of earnings is extremely wide, giving employers flexibility in designing their pension schemes.

Pension earnings can be based on an employee's basic salary or it can include all eligible renumeration, including bonuses, overtime and even an allowance for the company car.

It can also be an employee's basic salary, less an offset for the basic State pension. Schemes which have such an offset are known as "integrated" with the State scheme.

The other major factor in determining benefits is the pensionable service of an employee. This may be length of service in employment, the length of membership in the *pension scheme, or it may* include some allowance for previous employment. The Revenue lays down maximum length of service to qualify for benefits.

Here is a typical format:

BENEFITS

Normal Retirement: The age at which employees normally retire (Normal Retirement Date or NRD) is set out in the trust deed. A common NRD is 65 for men, 60 for women in line with the State scheme, even though women now have the right to continue working until the same age as men.

On private sector and some public sector schemes, the amount of pension is based on a fraction of pensionable earnings (usually 1/60th or 1/80th) *for each year of service, subject* to the Inland Revenue maximum of two thirds(40/60th).

Thus an employee in a 1/60th scheme with 30 years service would receive a pension of 30/60ths(½) of final earnings.

Employees have the option at retirement of converting part of their pension into a tax-free cash sum – known as commutation.

The maximum amount of pension that can be converted depends on the length of service. For employees with at least 20 years service, the maximum cash sum is 1½ times final earnings. For employees who joined the pension scheme from March 17, 1988. There are other limits including an overall maximum cash sum of £150,000.

With many public service schemes. the benefit structure is slightly different. You are forced to take a tax-free cash sum, based on 3/80ths of final earnings, and a reduced pension of only 1/80ths of final earnings for each year of service.

The maximum benefit after 40 years service is a cash sum of 1½ times final earnings and a *pension of ½ of final earnings.* This is broadly equivalent to the private sector benefits if maximum commutation is taken.

However, in most public sector schemes, the pension is automatically revalued each year in line with historical increases in the Retail Price Index.

For private sector schemes, revaluation is on a far less generous basis. Most schemes revalue at 3 per cent a year, or RPI if less. Any additional increase is at the discretion of the company and/or trustees.

Many companies have been using current surpluses in their pension scheme to increase pensions to make up for the ravages of inflation. Discretionary pension increases are now being given more frequently, *tending* to match inflation while this is at a lowish level.

Early Retirement: A rigid retirement age is becoming increasingly irrelevant under modern employment conditions. The proportion of men actually *staying in employment* until NRD is declining each year.

Many employers are introducing a common retirement age for both men and women. But as yet there appears to be no uniformity on which age that should be.

Some schemes are fixing the common age at 62 or 63, which means that while men will be retiring earlier, women will have to work longer to obtain maximum pension. Grand Metropolitan, for example, this week announced a common retirement age of 63 for its revamped scheme.

Early retirement means a reduced pension to allow for the longer period over which the pension is paid; the shorter period which contributions are received and, therefore, the reduced growth of the underlying fund.

The early retirement penalties are set out in the trust deed and rules. More and more schemes are now imposing lower penalties for early retirement than required on a strict actuarial basis.

The pension is determined on the years of service and earnings at retirement, less a deduction of percentage (usually 3 or 4 per cent) for each year retirement is taken early.

Thus an employee retiring at 60, with an NRD of 65 would have his pension formula reduced by 15 per cent on a 3 per cent per annum penalty.

However, employers can reduce or eliminate this penalty if desired. This is often done when redundancy is effected by means of early retirement for eligible employees.

Death in Service: The usual format is a tax-free cash sum - a multiple of the employee's earnings at the time of death. The maximum multiple is four times earnings.

A spouse's pension of one half the employee's entitlement is paid. This is calculated on current salary but takes into account potential service until NRD.

Many schemes also provide pensions for children until they reach a certain age.

Death after Retirement: A spouse's pension of one half the employee's full pension.

Leaving Employment: The Achilles heel of final salary pension schemes. For employees with at least two years service, the basic entitlement is a deferred pension, payable from NRD, based on years of service and earnings at the time of leaving.

This deferred pension has to be revalued - the process is extremely complex. Many schemes are revaluing at 5 per cent a year, or RPI if less.

Employees have the right to take the current cash equivalent of this deferred payment (known as the transfer value) and either use it to secure added benefits in the new employer's scheme (if there is one willing to accept the payment) or buy an annuity from a life company.

Contributions: The scheme actuary calculates the overall funding rate required. The trust deed and scheme rules lay down how this is split between employee and employer. There are three main methods used:

- The employer meets all the cost - a non-contributory scheme.
- The employee pays a fixed percentage of pensionable earnings(such as 5 per cent) and the employer pays the balance.
- The overall contribution is shared in a pre-determined manner, such as in the ratio of 1 to 2, with for example the employee paying 5 per cent and *the employer 10 per cent.*

The maximum contribution that an employee can pay is 15 per cent of earnings, there is no limit on the employer's contribution however.

Investment: The investment of the funds rests with the trustees, although the employer usually guarantees the solvency of the fund.

Employees, through their trustee representative if they have one, can influence investment policy but not day-to-day decisions.

With final salary schemes, the key question is what happens to any surpluses earned by good investment performance. With money purchase schemes the benefit goes straight to the employee. But this is not necessarily the case with final salary schemes. Many employers do share the surplus with employees and pensioners in the form of benefit improvements, but it appears that employees have no legal right to the surplus although the unions dispute this.

Employees now have the legal right to receive on request, once every 12 months, a statement of their benefits. Almost all companies comply with this right by giving every employee an annual benefit statement.

This sums up an individual employee's benefits more easily than any amount of study of the rules and explanatory booklets.

Next week's article will deal with money purchase and personal pension schemes.

Rothschild jumps the pensions gun

ONE BY one, life companies are unveiling their personal pension contracts, even though they are not technically available until July 1.

The life companies make no secret that they intend to be major players in this field. In contrast, unit trust groups seem reluctant to enter the fray, and it would appear that the complex administration is a very real drawback.

However, it has not deterred N M Rothschild Asset Management. The company recently ran a test exercise, in the form of a small advertisement, to gauge interest, and over 20,000 replies were received. Last week it unveiled its first unit trust pension package, which covers most of the sector.

First there is the new-style personal pension for employees, which can be contracted–out of the State Earnings–Related Pension Scheme (Serps) or sit *on top. Next there is the Free* –Standing Additional Voluntary Contribution Scheme for employees who wish to top up the benefits from their employer's scheme. Then there is the self–employed version of the personal pension plan, and finally there is the Group Personal Pension Plan for those employers currently without a scheme who wish to provide *pensions for their employees* without getting involved in administration or an open-ended financial committment.

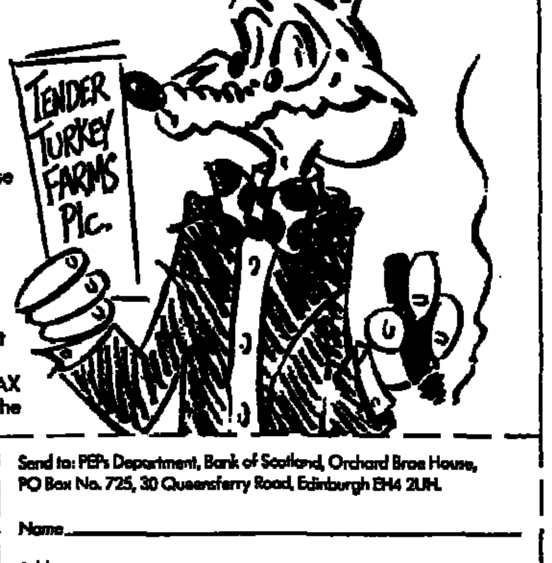
The plans are simple. Investors can contribute what they like, when they like, over and *above the minimum required to* contract–out of Serps. These contributions are used to buy units. Rothschilds' four existing mainstream UK–based funds are available, together with a managed fund with switching facilities. A cash fund will be available as soon as unit trust groups are able to offer such funds.

However, Rothschilds has no *intention of entering the life* assurance field. At retirement, you use the cash sum to buy an annuity with a life company of your choice under the open market option.

The charges are the usual ones for unit trusts – 5 per cent initial and 1 per cent annual management charge. There is no front–end loading, as with life company plans.

Technically, unit trusts cannot offer personal pensions until July 1. But this is not stopping Rothschilds from offering the plan now. All contributions received will be invested in the offshore money fund – the sterling shares of *Old Court International Reserves.* On July 1 the accumulated fund will be transferred into a personal pension. Anyone who starts saving before March 31 1988 will receive a 2 per cent introductory bonus.

Graham Barker, head of the group's unit trust and offshore operations, emphasises that there will be no obligation to transfer. If by July 1 you have changed you mind, you simply take back the investment or use it as you see fit. He has seen the Department of Health and Social Security and there is no objection from officials to this way of jumping the gun.



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• FINANCE & THE FAMILY •

Protecting assets after divorce

I am facing a probable divorce as a result of my husband's adultery and want to know how safe my assets are.

I hold in my own name investments in stocks and shares amounting to a market value of £70,000 (book value £30,000) as at the end of November 1987. I am about to receive a *further gross sum of* approximately £43,000 as part of a share cut on property sold by my mother.

My husband is a 37 per cent shareholder in a family earning business on 200 acres. The farm carries an overdraft of approximately £180,000 and its value, which includes three dwellings, amounts to approximately £250,000. The business is currently being advised by local agents through a tricky and non-too-certain development ploy to make it viable.

During the 12 years of our marriage I have been the major financial contributor to the day-to-day domestic running expenses and the house has been largely furnished at my expense.

In the event of a break-up in our marriage, my husband assures me of custody of our two daughters. Could he have any legitimate claim on any of my financial assets?

Technically, either spouse may make a claim on the joint assets. However, there is little practical likelihood of your husband being awarded either capital or maintenance out of your assets unless (a) he is too old to work the farm or (b) the remaining 63 per cent shareholding in the farming business company is vested in one or *more people who could insist on* realising the farm in circumstances which would leave your husband with less than £100,000.

Making a loan

If one should wish to make an interest-free loan to a child or relation, and if one is not deeply concerned that the loan is repaid, what form of words should be put on the "receipt" the donee might sign (bearing in mind that recovery of the sum might be effected from the donee's estate at their death).

Would it be right that such a loan does not have *to* be included on one's tax form?

If such a loan is of concern to the Inland Revenue, is there a figure below which its interest would be nugatory?

If the recipient of such an interest-free loan invests the money, the resulting income is taxable as though it were yours — under section 446 of the Income and Corporation Taxes Act 1970 — and must consequently be included in your tax return (in the section for income arising under settlements etc.). You can, however, recover the tax in question *from the recipient of the loan* by virtue of section 449(3).

The precise terms of the loan should be set out in the letter which accompanies the cheque, and the receipt should be endorsed on a carbon copy of that letter, to avoid any arguments or uncertainty later.

Below board

I own a freehold of a four-storey commercial building. The adjoining plot is owned by an advertising agency which has erected wooden billboards for its clients, about 2ft away from the outside wall of my property. The gap between these and my property has been boarded up.

Can I compel the agency legally to give me access to my outside wall for essential repairs and, if necessary, have it remove the boarding if this is required to carry them out?

No, unless there is some express provision in your title deeds or in a formal contract with the advertising company.

A question of probate

Following recent letters on wills and their ramifications, as I understand it a local will should be made in a foreign country to cover disposal of all assets there plus a will in English to cover all other assets wherever situated.

If this English will is certified as international under Convention 26 of October 1973, it can then be probated anywhere convenient to the executors.

If this assumption is incorrect, then what governs where an English will should be *probated*? And, on demise, who is responsible for deciding whether legal domicile is of choice or origin?

It is necessary to have probate granted by a probate registry in the United Kingdom to deal with assets within the UK jurisdiction. We cannot say what the position would be as to the equivalent of probate for a will in English form in any other jurisdiction. The courts of the country where the assets in question are situated will determine any issue as to domicile, although this could involve reference to the law of another jurisdiction.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Tenancy problems

***I write as the landlord of a* flat which I rent out in Yorkshire as a shorthold tenancy.**

Under the shorthold arrangement, lettings can be one *to* five years. I prefer *to* let for one year. The Act provides that the tenant can continue *to* stay as long as possible if both sides agree, but each year the landlord can exercise the right to repossess if he/she wishes. This is a very suitable arrangement for me.

However, I am told that by this method *I cannot increase* the rent, however long the tenant stays, as the one-year agreement makes no provision for increases in rent. If I were to increase it in the second year, I am told I would virtually nullify the shorthold agreement and could have created a protected tenancy. If I were to let it on a five-year agreement this could cater for annual increases, but I do not wish the longer span as I then lose my right to repossess at the end of one year *if I find I have a bad* tenant.

If the above is correct, the only way I can increase the rent is to get rid of the tenant, however good, at the end of one year and take a new one at a higher rent, which does not seem right.

While the advice you have received seems to be correct, you could create a fresh shorthold tenancy in favour of a different tenant for a term of up to five years with a provision in the initial tenancy either for stated rent increases in each year (i.e. a progressive rent) or for a rent review in each year. The latter course is arguably less safe than a progressive rent and would in any event be inconvenient to operate.

Joint drawback

My wife and I read your item Sensible Precautions in the Weekend FT with great interest

Your suggestion of putting both parties' investments into joint names seemed an *excellent way of avoiding difficulties* if one spouse becomes incapacitated.

However, if one spouse is quite incapacitated by a bad stroke and unable to write, or is so mentally ill as to be non-cooperative, how would the other spouse proceed if he/she found it necessary to sell securities or move house when such investments are in joint names? Share transfers and conveyances require to be signed by all parties in whose names the investment stands.

Could you please explain how the "controlling" spouse would achieve the necessary sale of investments and transfer of title in such cases?

There are potential difficulties of the kind which you describe. A counsel of extreme caution would be for each spouse to give the other a power of attorney. Of course the same risks exist where assets are vested partly in one spouse and partly in the other: the incapacitation of one of them would render it difficult to deal with that spouse's assets.

No tax on charities

My husband and I have identical wills leaving everything we have to the other. I am 64 and he is 63. If we died now we would leave approx £360,000 including the value of our home. About £4,000 goes to one or two people; the remainder will go to animal charities.

We understand that all money that goes to charity is tax free and that nothing will be deducted from what we leave. Is this true?

Yes; the charitable gift will be exempt from inheritance tax and the £4,000 legacies will fall within the nil rate bank unless you have made £90,000 of transfers during the last seven years of life. It is essential that the charities are registered as such under the Charities Act 1960.

CHESS

BRITISH chess is currently far more youth-orientated and competitive nowadays than in the 1950s and 1960s. Then it was possible for players of the older generation to hold their own on the basis of general understanding of the game, even if they were sometimes deficient in opening theory. Widespread use of adjudication in *club, league and county chess* meant that in most team matches a player who was only on his own for the first 30-40 moves and could rely on his match captain or top board to help his analysis of unfinished games.

What really changed matters was the rising popularity of weekend, and later of one-day congresses at a fast time rate. Games in these events always continue to a finish, often to the accompaniment of a nerve-sapping play-off against the clock where youthful reflexes are sharper. A six-round weekender means three games on the Saturday, and thus a total commitment of up to twelve hours, sometimes with below-par playing conditions.

As a result of this intense pressure the middle and older generation cannot hope for notable success, and many leading players give up serious over-the-board competition by their early forties.

In other major chess countries, there are better posssibilities than in Britain for older masters and experts to be involved at the centre of chess life, passing on their experience to rising talants. In the Soviet Union the world title candidates of the fifties like Smyslov, Geller and Taimanov remain active competitors in tournaments, while in the US the annual Senior Open for over-50s is a well-publicised and generously funded event attracting former national champions like Evans and Denker. Its British equivalent, the Veterans championship, is confined to the over-60s and run just as a minor tournament at the annual BCF Congress.

One prominent standard-bearer of the over-50s who makes few concessions to the passing years is the leading Merseyside player John Littlewood. In his youth they called him 'little Tal' for his imaginative tactical flair and only his work as a languages lecturer prevented him reaching international master strength. At county and congress level he is still active and remains firmly in the British top 50.

According to ex-world champion Botvinnik, players with a tactical style often lose their flair after 40, but Littlewood has kept his initiative, gambit-orientated approach. Last month he won first prize at the Greater Manchester Winter Open and played this witty, original game.

White: P. Helbig. Black: J. E. Littlewood.

English Opening (Wigan 1988).

1 P-QB4, N-KB3; 2 P-KN3, P-KN3; 3 B-N2, B-N2; 4 N-QB3, O-O; 5 P-K4, P-B4; 6 KN-K2, N-B3; 7 P-Q3, P-QR3; 8 O-O P-QN4!?

Transferring the theme of the *well-known Benko Gambit (1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q5, P-QN4; 4 PxP, P-QR3)* to a purely positional opening.

9 PxP, PxP; 10 NxP, B-QR3; 11 N(2)-B3, Q-N3; 12 P-QR4, QR-N1; 13 R-N1, N-QN5; 14 B-K3, N-K1; 15 Q-N3, P-K3!

Stopping white's planned 16 QxN, PxQ; 17 BxQ, RxB; 18 N-Q5.

16 KR-Q1, N-QB3; 17 Q-B4, B-Q5; 18 BxB?

Losing back the pawn, after which Black keeps his strong Q-side initiative at no material cost. The psychological choice is 18 B-R6, which explores whether Black will settle for a draw by repetition with B-KN2; 19 B-K3, B-Q5. If 18 B-R6, N-K4; 19 Q-R2, BxP ch; 20 K-B1.

18 ... PxB; 19 N-K2, N-Q3; 20 Q-B1, NxN; 21 PxN, BxP; 22 P-QN4?

A better try is 22 Q-Q2, N-K4; 23 N-B1.

22 ... N-K4; 23 Q-B5, QxQ; 24 PxQ, B-R5!

The winning move. Instead 24 ... BxP; 25 RxB, RxR; 26 NxP or 24 ... NxP? 25 RxB are weaker.

25 R(Q1)-QB1.

Unfortunately for White, the natural 25 RxR, RxR; 26 R-Q2 fails to R-N8 ch; 27 B-B1, N-B6 ch.

25 ... NxP; 26 RxR, RxR; 27 R-B4, R-N8 ch; 28 B-B1, B-N4; 29 RxP, N-B8!

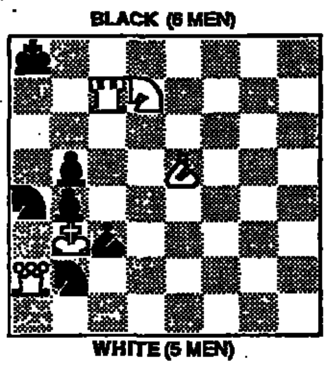
Winning a piece, for if 29 NxN, RxN or 29 N-B3, N-K7 ch! White could already resign.

30 R-Q1, BxN; 31 R-K1, B-B6; 32 B-R6, N-K7 ch; 33 K-B1, RxR ch; 34 KxR, N-B6; 35 B-B8, NxP; 36 Resigns.

The Complete Chess Addict by Mike Fox and Richard James (Faber paperback, £5.95) is a pleasant and highly readable collection of anecdotes, comments on famous and infamous players, with classical episodes from chess history.

PROBLEM No. 712

BLACK (6 MEN)



WHITE (5 MEN)

White mates in three moves at latest, against any defence (by Dr. A. Kraemer). A test of chessboard logic, where the white queen can mate on the long diagonal or back row. The snag and the problem is that once the queen unpins the QR4 knight the Black has a check.

Solution Page XXI

Leonard Barden

BRIDGE

MY FIRST hand today comes from rubber bridge:

	N ♠ A 6 2 ♥ A J 10 8 3 ♦ 6 3 2 ♣ J 6	
W ♠ 9 ♥ K Q 5 ♦ A 10 9 8 5 ♣ 10 8 5 3		E ♠ K 10 8 5 4 ♥ 9 7 4 2 ♦ Q 7 ♣ 9 2
	S ♠ Q J 7 3 ♥ 6 ♦ K J 4 ♣ A K Q 7 4	

With both sides vulnerable, South dealt and opened the bidding with one club and North replied with one heart. South made his natural rebid of one spade and now North was faced with a slight problem. To bid two hearts does not do justice to his hand and to raise spades with only three is not satisfactory. He rebid two diamonds — the Fourth Suit Forcing. This conventional bid does not promise any strength in diamonds but it shows about 10 points and asks the opening bidder to describe his hand further. South's next move was clear-cut. With strong clubs and good control in diamonds he jumped to three no trumps, which became the final contract.

West had no doubt about his lead he opened with the 10 of diamonds, and East produced the queen. South took stock. He counted five clubs, the two major suit aces, and a trick in diamonds. The ninth trick could be set up by finessing the queen of spades. If it won, there would be no further problem. If it lost East would be able to return a diamond, and that might be fatal.

The declarer allowed the diamond queen to hold, and covered the seven with his knave. West won - there was no point in ducking, because partner could not hold another diamond - and led back the nine to clear his suit. Winning with his king, the declarer now ran his queen of spades without danger. The finesse lost, but South wrapped up nine tricks.

The play is elementary, but the Fourth Suit Forcing is important - study it and play it with your usual partner.

Bridge Play Technique, which I wrote in collaboration with Derek Rimington, has just been republished in paperback.

Here is a hand from this book, which illustrates Elimination combined with a loser-on-loser play:

	N ♠ 7 6 5 2 ♥ K J 8 3 ♦ A Q 5 ♣ K 8	
W ♠ 10 3 ♥ 7 2 ♦ 10 8 7 6 ♣ Q 9 5 4 2		E ♠ A K J 8 4 ♥ 6 5 ♦ K J 3 ♣ J 6 3
	S ♠ Q 9 ♥ A Q 10 9 4 ♦ 9 4 2 ♣ A 10 7	

East deals at a love score and bids one spade, South overcalls with two hearts and North raises to four hearts. West leads the spade 10, East cashes king and ace, and continues with the knave. South ruffs high, and draws the trumps in two rounds. He knows the diamond finesse must be wrong — how can he avoid the loss of two tricks in the suit? Elimination and throw-in is the only hope, but how can he effectively throw East in? If dummy's diamonds were AQ9, it would be simple. After eliminating clubs, he would lead a diamond and finesse the nine.

The solution is easy. He cashes king and ace of clubs, and ruffs his last club on the table. The stage is set. He leads dummy's last spade, East covers with the eight, and the declarer discards his two of diamonds. East is securely endplayed. A diamond return runs into dummy's major tenace, a *spade concedes a ruff discard*, allowing South to throw another diamond while dummy ruffs.

E.P.C. Cotter

Michael Coveney mingles with the medallion brigade on the Costa Smeralda

A white-washed church overlooking the harbour of Porto Cervo: "a high class tourist trap".

Art and artifice in Sardinia

I LAST travelled through Sardinia 20 years ago, as a student hitch-hiker, and had a far less lyrical time of it than D H Lawrence, who proved in his Italian travel writings that the biggest tourist attraction on the island was himself.

My plan this time was to sample the high life on the Costa Smeralda, playground invention of the Aga Khan and Mediterranean bolthole for yachting luminaries from the King of Spain to Linda Evans. Well, not *quite* the Costa Smeralda, but Baia Sardinia, just around the bay but still on the north-east coast facing the Maddalena archipelago of mostly uninhabited islands and, beyond them, the north-west Italian coastline between Rome and Livorgno.

The water here, as yet unpolluted, shimmers in a variety of blues, greens, turquoise and aquamarines while the Hotel Residence Park is built around a little gulf from which, by motorised dinghy or even pedalo, you can do what I personally like doing best on holiday – moseying around on the water and catching up with paperback fiction on underpopulated beaches.

I have happily done this sort of thing on Corfu and Crete for a good deal less money than it costs in Sardinia. The Costa Smeralda, delightful though some parts of it are, is an invented resort for the vulgarly rich.

Property is expensive and all villa developments are characterised by low-slung Disneyland architecture in pink and brown stone. Porto Cervo, the yachting marina and high class tourist trap, is like some ghastly Tuscan new town, an echoing Brent Cross precinct with transplanted Milanese boutiques patronised by middle-aged medallion men and their over-cooked floozies.

There obviously *is* high life in Porto Cervo – the hotels look luxurious beyond compare, the tennis club is host to international players – but I was having enough trouble perfecting my poolside manner at the Residence Park. I like Italian family resort hotels – the last time I travelled with Magic of Italy it was to an unpretentious gem of the genre, the Hotel Serapo in Gaeta, just north of Naples – and the Residence Park is another, even higher, quality example.

The accommodation is arranged in a network of white-washed stucco bungalows discreetly distributed through a well kept garden of cork oak and walnut trees, hibiscus, plumbago and white jasmine. We were there in high summer; in spring, it must be an aromatic riot of colour.

I have never mastered the art of casually taking to the swimming pool. Diving gives me a headache and steps are always designed to trap my ankles in a slow descent. But at least at Residence Park, once in, I could swim pestered only by a dimwit English family which had brought lilos.

What was lacking was the bustle and street life that, at night time, are always part of the best holidays. Teenagers we spoke to were bored and unable to afford £15 each night to go to a discothèque. But there are boat trips, to Bonifacio on Corsica, or around the Maddalena islands.

A car is essential. We took one for the second week but had to return to Olbia Airport to collect it. With a nine-year-old child and a game but elderly grandmother, my proposal to drive drastically southwards, via Nuoro, to Cagliari, was unpopular. Instead, we drove west up to Castelsardo, then down to Sassari and back to Baia Sardinia via the beautiful old university town of Tempio. Had we not got desperately lost in the mountains (sign-posting is dreadful on all roads) it would have been a triumphant tour.

The volcanic north east coastline with its spikily craggy formations yielded a landscape, in the central northern region, not dissimilar to England's Pennines. These forests of stripped oak trees – you soon saw where all the cork souvenirs came from – olive groves and, yes, clumps of tough, springy heather and gorse, were growing in soft brown earth. Striking north west to Castelsardo, we traversed a great barren plain and then, back down to Sassari, the route became a rocky red canyon before returning once more to the plushly verdant outskirts of Tempio. With night falling we stumbled back towards Arzachena.

Sassari was worth visiting for the Duomo although, while we were admiring its unscathed façade of gargoyles and mitred ecclesiastics, grandmother had got lost in a downtown bar. This sort of thing never happens in Porto Cervo, and we all felt better for it, even grandma. A few kilometres south of Sassari we found the oldest medieval church on the island, the Romanesque basilica of the Most Holy Trinity at Saccargia, which stands, rather like Tintern Abbey, on a main road in the middle of nowhere. The 13th century frescoes are ordinary but the black and white façade, with its Pisan bell tower and elegant Moorish arches, is magnificent. While we lingered in the Lombardy nave, grandma, overcome by the heat, was bitten in the portico.

Arriving in Porto Rafael, we made instantly for Harry's Bar – to discover that it was not like other Harry's Bars at all, but a cramped hang-out for yet more over-tanned gigolos in designer T-shirts.

This holiday was easily the most expensive I have ever taken. Nor was it really *my* kind of place. But, thanks to Residence Park, and the sea, it amounted to what a British magazine executive described to me in the pool one day as "a perfect un-wind." A comfortable one, too. And remember that Olbia airport is only two-and-a-quarter hours from Gatwick.

Through Magic of Italy (01-743-9900), seven nights, half board, in the Residence Park Hotel, Baia Sardinia, cost from £449 (£669 for two weeks) a week per person in the low season to £719 (£1,169) in August. Prices are similar at the Hotel Capo D'Orso. Flights to Olbia on Saturdays from Gatwick.

Secret places

Wild Welsh scenes

AS YOU take the coast road south out of Swansea, South Wales, towards Mumbles Head you pass through the smart suburb of Oystermouth. Only 100 years ago, Oystermouth was a thriving fishing village but now the oysters have gone and the lovely arc of Swansea Bay is dominated by gigantic industrial complexes at Port Talbot.

However, as you reach the summit of the hill overlooking the lighthouse on the island of Mumbles Head, it is as if you have passed through a door to a different world. To the west stretches a wild and rugged coastline of white limestone cliffs, headlands, reefs, coves, caves, blow-holes and wide sandy bays. The superb carboniferous limestone was laid down in warm seas over a period of 100m years, but later dramatic movements of the earth's crust, known as the Amorician oregony, buckled and folded the rock, thrusting it up into the ridge of Cefn Bryn which overlooks the coastline of the Gower peninsula.

A 21-mile walk along this magnificent coast from The Mumbles to Worms Head is a voyage of discovery takes in secret inlets, historic sites, ruins and wrecks.

Springy turf, close-cropped by sheep in many places, grows along the top of the cliffs, but tangled brambles, gorse and bracken are encroaching. The plants are outstanding, with more than 100 flowering species being recorded, including the yellow whitlow grass which grows in no other place in Britain.

In the height of the summer season the sandy bays are teeming with holiday-makers but, on a Saturday morning in early March, you will find that yours is probably the only car in the vast Mumbles Head car park. When I arrived there a stiff breeze from the Bristol Channel was rapidly dispersing the early mist and, as I followed the narrow path under Rams Tor, the gorse flowers had opened in the sunshine and the air was heavy with their sweet aroma.

The coast path was deserted save for a lone walker with a dog and a party of student geologists busily examining the rocks of Snaple Point. The tide was out and I could walk right across Brandy Cove, Langland Bay and Caswell Bay.

At Pwlldu Bay a shingle bank above the sand was gleaming in the sunshine, and I left the beach to scramble up Pwlldu Head, the highest headland in Gower at just over 300 ft. South, across the Bristol Channel, I could just make out the grey outline of the north Devon coast, but my attentions were focussed on the vast sweep of Oxwich Bay two miles away to the west.

Oxwich Bay has the reputation of being one of Britain's finest bays and with the bright sunshine glistening on the wet sand, and prows of white limestone running boldly towards the breaking waves, I rated it equal to Sutherland's stupendous Sandwood Bay.

The tide was fully out as I jumped onto the sand at Shire Combe Point and ran with sheer exuberance across Threecliff Bay. I was able to squeeze round the seaward end of the 200 ft Great Tor which divides Threecliff Bay from the main curve of Oxwich Bay.

At high tide the crossing of Oxwich Bay is an altogether different proposition, with headlands, rivers and dunes of marram grass to be negotiated.

In contrast to the clean sands of the bay, the slopes of Oxwich Point are wooded with oak, ash, elm, hazel and hawthorne. From behind the tiny 13th century church of St Illtyd's, a path winds up through the trees to Oxwich Point.

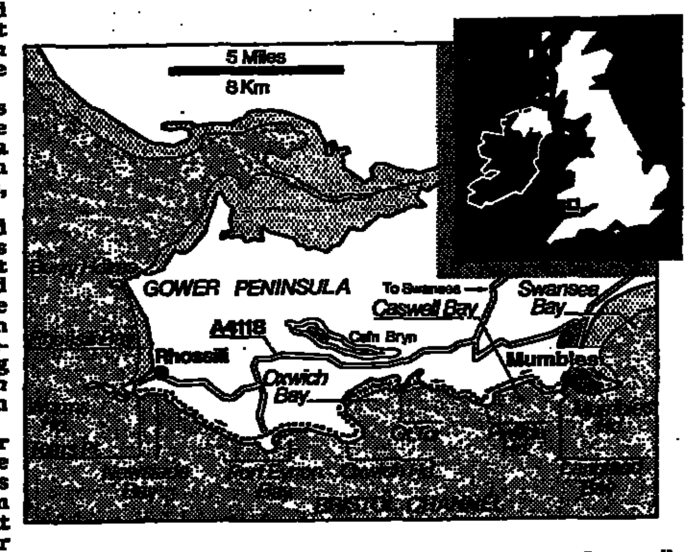
Once round the headland you can descend to sea level and follow a grassy path above the rocks to Port-Eynon Bay. On the west side of the bay you pass the ruins of the Salt House, once a substantial fortified house.

An exposed traverse leads across the face of Port-Eynon Point; below, the waves were crashing deafeningly on a rock shelf and seals were playing in the surf. Above the roar of the waves I could just hear the clanging of a warning bell on a buoy moored off the point. Port-Eynon Point provides another of Gower's extravagant views: north-west along five miles of tortured and twisted limestone cliffs, sculptured by the waves and the weather, to the tidal islands of Worms Head.

This five mile stretch of cliffs contains a host of natural features: pinnacles, arches, caves and blow-holes. Several caves have been found to contain prehistoric remains.

The path west runs a short way back from the cliffs, but you will not be able to resist walking to the edge of the promontories to watch the surging sea, sucking and pounding at the rocks below. Notices restricting rock climbing on certain cliffs from March 1, during the nesting season, were in evidence and climbers were thronging the access-free walls of Thurba Head. It was now late afternoon and the tide had long since turned and was flooding into Mewslade Bay. I climbed to Tears Point and gazed back eastwards towards Port-Eynon Point, with the full extent of that amazing coastline bathed in sunshine.

The rising tide had isolated the islands of Worms Head; the channel is called the Shipway and the tide allows you a maximum of five hours on the Head. Sadly, I had to leave this expedition for another day. Pausing by the coast guard lookout to marvel at Rhossili Bay stretching north for three miles to Burry Holms, I turned inland for a late tea in Rhossili village.



Richard Gilbert

BRIEFING

Millennium mania

DUBLIN: you've seen the city – now buy the record, the t-shirt, the tie, the scarf, the umbrella, the liqueur, the marmalade . . . and the milk bottle. Two months into its celebration of the founding of Dublin 1,000 years ago, the city's Millennium Committee has made £200,000 from the licensing of products bearing the distinctive logo (see below).

The milkbottles, 160,000 of them, all stamped with the Millennium shield, launched the commemorative year on January 1 when they were given free to Dublin customers by Premier Dairies. These same milkbottles now change hands at £10 a piece and are almost as prized as Waterford crystal. One entrepreneur, who hit on the idea of transforming the Millennium milkbottles into lampshades, is selling them for £16 each and has a three-week waiting list. A radio competition to find the best short story about a Millennium milkbottle has had an enthusiastic response. Millennium mania, claims the committee, is sweeping the city.

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VIKING raiders established the Norse kingdom of Dublin in 841 AD, but it was wrested from them by the Irish king Mael Sechnaill II in 988 A.D.. The city corporation, the national Bord Fáilte tourist board and Dublin tourist board are spending £160,000 to mark this anniversary.

Some academics, however, argue that the real Millennium should be celebrated next year. But sponsors are carrying on regardless, contributing £5.5m so far in direct sponsorship and pledging a further £4.5m by the end of the year. The money is backing more than 1,200 events, including folk and literary festivals and community projects, and will launch a Millennium charity trust fund to combat homelessness, drug abuse and Aids.

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THE city's Viking past was the subject of recent controversy when bleak civic offices were built on the site of the original settlement in Wood Quay. Dubliners now have to content themselves with a more ersatz version of Norse life, in a reconstructed village peopled by actors and sited in the crypt of St Audoen's Church.

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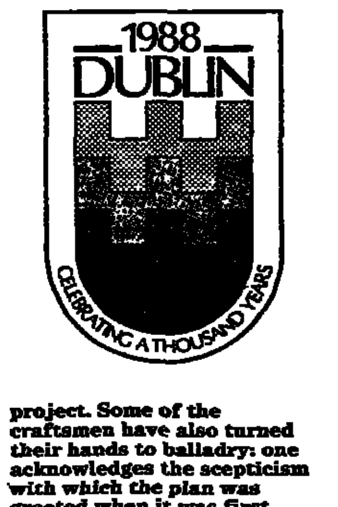
ONE OF the more intriguing community-based projects is the construction of a 76 ft Viking longboat – the first full-scale replica to be built this century – in the run-down East Wall dock area, near the site of the proposed new financial centre.

Unemployed local craftsmen have pooled their skills to build this remarkable vessel of Irish timber and Norwegian bolts, complete with loot boxes in which the Viking raiders stored their booty.

The boat shed has become a focus of local activity and its walls are covered with poems and drawings by schoolchildren about the



project. Some of the craftsmen have also turned their hands to balladry: one acknowledges the scepticism with which the plan was greeted when it was first proposed seven months ago:

"They said we couldn't do it,
We hadn't got a prayer,
But now we're up and running,
Her bow is in the air."

The boat will join a Viking regatta of longboats from Scandinavia and the Isle of Man on July 15 and will sail into the River Liffey, with actors enacting scenes of rape and pillage along the way.

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MORE recent links were celebrated last week when Dublin's 3,000-strong Italian community was honoured in Italian Week with a street theatre parade, photographic exhibition, Venetian carnival and fish and chip shop race.

Jewish Week and Spanish Week will also pay tribute to the city's minority communities. But the real spectacle will, inevitably, be on March 17, St Patrick's Day, when the Irish honour none but themselves in a day-long pageant recreating Dublin's history from the Celtic dawn to the Easter Rising.

COMPETITION has meant that the London-Dublin air fare, once among the most expensive pound-for-mile flights in Europe, has never been cheaper in real terms. A return can now cost as little as £57 and Aer Lingus is offering inclusive weekend breaks from £96.

Further details from Aer Lingus, tel 01-439-7262; Ryanair, tel 01-435-7101; British Airways, tel 01-897-4000; Virgin Airways, tel 0293-562345.

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DUBLIN will not be forgetting her strong literary traditions during Millennium Year. The two-week literary festival, from June 13, will celebrate the work of Joyce, Yeats, Beckett, Behan, Shaw and Wilde with lectures and performances. There are plans for a new writers' museum, a "writers' park", a James Joyce summer school and a Bloomsday banquet.

But Dublin is not only the city of Joyce, Behan et alia – it is also the city of Geldof, Bono and U2. With half the population aged under 25, it has a thriving contemporary music scene and a lively night life.

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IF YOU don't like crowds, you might be advised to avoid the city around mid-November. More than 6,000 Americans have already booked for the Emerald Isle Classic American Football Game on November 19. Featuring West Point Academy and Boston College, this is only the second US inter-collegiate game to take place outside America.

Accommodation for the transatlantic visitors could be tight and there are plans to bus them to hotels up to 90 miles away. There is also talk of housing them in liners moored in the docks.

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ABOVE ALL, Dublin is a city for walks, whether guided or solo, along O'Connell Street, through its squares and parks, along the banks of the Liffey, or simply around the anarchic second-hand shops of Francis Street. A special guided Millennium walking tour, entitled Walk Back a Thousand Years, leaves three times a day from Royal Hibernia Way at a cost of £3.50 per person. If the time travel proves too much, seek succour in Guinness's Millennium guide to the many Dublin pubs with historic and literary associations.

Annalena McAfee

Motoring

THE IDEA was to try the new Renault Espace Quadra (pictured) in Switzerland, where conditions would let it show off its full-time four-wheel drive. But I landed in a springlike Zurich and drove to Chur on dry roads in brilliant sunshine. Lenzerheide at 10 degrees C was slushy and full of disconsolate skiers.

On the autoroute and steep, twisting roads the 2.1 litre, fuel-injected Espace behaved like the luxury seven seat estate it is, cruising quietly at 75 mph (120 kmh) and handling like a car of real quality. One can appreciate why Renault hates people talking of the Espace as if it were a van with seats.

***However*, there was a lot of snow in Switzerland last week if you went to the right place. The Julier Pass (7,493 ft/ 2,284 metres) into St Moritz and the Fluela Pass (7,818 ft/2,383 metres) into Davos were deep in it and were negotiable by two-wheel drive cars only with chains. However, the Espace Quadra just romped up on its normal-looking Michelins, though going down was tricky now and again. The hard-packed snow was so slippery it was difficult to stand up on.**

On level though icy roads, the Espace ran arrow straight at speed. I was overtaken only once on the Fluela Pass, by a Swiss registered 3 Series BMW with four-wheel drive, which was really motoring.

The Espace Quadra rides like an airsprung coach. You sit up high in seats as big as thrones with a commanding view over hedges. The all-wheel drive transmission normally puts most of the engine's torque (pulling power) to the front wheels, so it handles like a normal Espace. But, in extreme conditions, a viscous coupling will change the front/rear power distribution to secure maximum traction.

For a family which needs a big estate and drives out to a winter sports holiday once a year, it is an ideal vehicle. On a motorway it runs with a car's comfort and economy. In the mountains, it behaves like a real four-wheel drive.

However, Renault UK has not yet decided to import it. The price would have to be at least £2,000 above that of the front-wheel driven Espace (currently £12,100 or £13,810 according to trim level). But I hope it does come here, because it has no counterpart, except for the VW Caravelle Syncro, and that has its engine at the wrong end. I can see an Espace Quadra looking just as good and being equally effective at smart but muddy country occasions as it is in ski resorts.

Mazda goes mini

WHILE OTHER Japanese importers are moving up market, Mazda Cars UK has decided to get involved in the highly competitive supermini segment. This week, its 121 went on sale at prices ranging from £5,499 to £6,849.

It has a fight on its hands because rivals include well-established best-sellers, such as the Ford Fiesta, Renault 5, Rover Group Metro and VW Polo, plus the relatively new Citroen AX.

The 121 is not expensive (from £5,499), and Mazda lists specification advantages, like rear headrests and tinted glass, over competitors of similar price. Mechanically, it is competent rather than innovative. Buyers have a choice of 1.1 or 1.3 litre engines, the standard five-speed gearbox is silky and precise, and the steering light, even for parking.

The rains in Spain fell mainly on the Costa del Sol early last week when I went to try the 121. But it splashed happily along half-flooded minor roads and felt secure at speed among the crawling lorries on the hilly, curving highway between La Linea and Estepona.

Next day the Costa del Sol lived up to its name. The Mediterranean looked less like an angry North Atlantic and I was able to try the 121's secret weapon – a large power-operated fabric sunroof.

At the touch of a button the roof slides back until the 121 combines most of the advantages of a convertible with the security and rigidity of a saloon. Mazda has got the aerodynamics right. The fully-opened 121 was free enough from wind noise and buffetting to be enjoyable at 65-70 mph for front and rear-seat occupants alike.

Only the £6,849 1.3 LX Sun Top three-door has the sunroof; the otherwise identical LX costs £700 less at £6,149.

Compared with conventional drop-head coupes, which start at about £10,000, this makes the Mazda 121 Sun Top a bargain for fresh-air fans. No other low-priced rival with a large area fabric roof has power operation.

Why has Mazda UK gone against the up-market trend? The answer is that it had been losing business through lack of a starter car in its range. The idea is that the 121 will get buyers plugged into Mazda. Two years later, they may find a trade-in offer for their 121 against a new 323 or 626 hard to refuse.

Not to be outdone, Nissan will shortly announce a new specification package for its popular one-litre Micra supermini. Nearly 39,000 Micras were sold here last year and its successor will be produced in Britain about three years hence. This year, more than 10,000 of them have already been registered or ordered.

All Micras from the 50 hp LS to the 55 hp GSX are being given factory-fitted tilt/detachable glass sunroofs. The mid-range Micra Colette gains a tailgate wash-wipe and improved interior. The five-speed GSX has a gearbox with a three-speed automatic option, three-band stereo and tinted glass.

Prices of the new Micras will be in line with those of the existing versions which range from £5,000 (the L three-door) to £6,348 for the SGL five-door

Stuart Marshall

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• PROPERTY •

Buying a home in a National Park can be a frustrating experience, but it is not an impossible dream, says John Brennan

By Mike Arron

Lakeland stone barns - from agricultural derelicts to homes: "There are still a fair few of them around to convert," says architect Peter Speakman.

A share of Britain's heritage

NINETY MILLION day visits a year keep Britain's ten National Parks amongst the country's most popular tourist attractions. Exhaustingly hearty ramblers, argumentative loads of family day trippers and the air conditioned hotel lobbies on wheels that whisk travellers through a few hours of peaks, lakes, or moors, all fit with only an occasional crush into the parks' combined 5,251 square miles.

The problems start when too many of those visitors decide that they would like their own slice of land within boundaries that were established in the 1950s to "conserve and enhance their natural beauty," and to "promote their enjoyment by the public."

On the face of it, buying an existing property in the National Parks is not an insurmountable problem. Unlike the National Parks in the US that they were loosely modelled on, Britain's Parks are not state-owned. The National Parks Authority itself owns only around 4 per cent of the area it has planning responsibility for.

In practice, however, most dreams of a lakeside cottage or an elegantly converted stone barn remain as dreams. For a start, the various regional water authorities are by far the largest landowners, and much of their property is either remote, bleak, underwater, afforested, or an inhospitable combination of the four.

The National Trust holds nearly 10 per cent of the parks, and any prospective buyer would have little chance of setting up home in its territory. As the Trust's Warren Davies says, "the whole point is that the properties and estates that we have are to be preserved as they are." Further development there tends to be regarded as a threat.

It is the threat to the viability of local communities within the Parks, rather than concern to defend parts of the national heritage, that has sparked the most violent reaction to incomers. The burning of holiday cottages in the Snowdonia National Park was an isolated, and untypically fiery, expression of a concern that holiday and retirement buyers competing for homes in the parks turn villages and hamlets into weekend or summer-only resorts.

The resultant closure of village schools and local shops, and the problems faced by local first-time buyers trying to bid for homes against wealthier incomers, persuaded the Parks Authority to take on a third role. Apart from protecting the landscape and providing recreational facilities, as Roland Smith of the Peak District National Park explains, "there is the additional role of taking account of the local community. We don't want the places to become museums."

That additional responsibility is easier to explain than to enact for authorities without the power of a landlord. Attempts by a number of the park authorities to use their planning powers to favour developments by local people and to discriminate against incomers were, as Smith says, doomed to fail.

"There was no way that we could do that. You cannot dictate who will buy existing dwellings. There would have to be a proven need for new homes or extensions to homes in settlements, and those needs are considered in the preparation of our structure plans, which we have like any county council, which are then approved by the Ministry (of the Environment). It would be most unlikely that you would get permission for a new residential development outside an existing settlement. If you did that in the case of the Peaks you would have Sheffield and Manchester joining up in the middle."

In the Lake District, the South Lakeland Council formally appealed to the Environment Secretary to allow discrimination in favour of new housing for local people and excluding sales of such properties to incomers. By insisting on an element of affordable housing for local people in housing association- backed developments, the Parks' authorities can go some way towards resolving the problem. But short of a Guernsey-style two tier market, where non-residents must restrict their buying to "open market" properties selling at three or four times the price of an equivalent sized local market home, it is virtually impossible for a planning authorities to act as social engineers on properties they do not own.

Peter Speakman has 12 years experience of the conflicting pressures of incoming buyers and national park planning. An incomer himself, he escaped "the hassle of dealing with the traffic" in Edinburgh, and set up his architectural practice in a former farmhouse near Broughton-in-Furness in the Lake District. As he explains, any planning selectivity about who wants to extend a home or create a home from one of the Park's surplus farm buildings simply collapses in the reality of the open market.

One of his recent conversions involved a barn that had been left to a Lakelander by his aunt. "He worked at Sellafield and wanted to convert it so that he would have a house in the countryside. In that case the park planners said "no," using their standard reasons for refusal – that it was unrelated to any existing settlement and that there was no proven need. The DoE said "yes" on appeal, and, as it happened, by that time the owner had decided to sell the place with its planning permission.

Speakman reflects on the eccentricities of parks' planning rules, which slow down careful restoration of surplus buildings yet allow owners to make changes to their homes that are totally out of tune with the landscape. Getting services to a conversion outside a village generally involves going underground, even to the extent of taking the water supply to that Lakeland barn under a stream. Yet once you reach a house "the Telecom engineers can just stick up a pole, people can paint their houses lilac, and you see people who have ripped out traditional windows and stuck in PVC frames."

Using aerial photographs of the Lakelands, Speakman has been able to identify a surprising number of housing development sites on underused land in towns and with garden infill sites, and his Building Design Plus development company works with the planners to help meet local demand for homes. But it is the conversions that really attract the outsiders' interest, and in his view there is still plenty of scope to turn the old stone hay and equipment barns that have been bypassed by modern farming methods into homes that in no way detract from the beauty of the landscape.

"There are a fair few of them around. I can think of a couple in the area at the moment that are no longer of agricultural use, but without planning consent people are very hesitant about coming forward to buy them. A typical example is a barn with a couple of acres of land for £12,500 to £15,000 being sold at its farm use value, around £10 a sq ft. If you could get planning permission it would sell for three times that."

A conversion would cost you around £30 to £50 a sq ft. There are none of the problems about shoddy building work that dog developers in the cities. "In a small community everyone knows everyone's business, and a builder wouldn't survive beyond one job if he wasn't good." As for locals' reaction to an incomer, "It's true to say that they are generally a little hostile at first, until they get to know you. It's up to the people themselves. The couple who took on that barn conversion held an open party for all the neighbours at Christmas, but some people just don't think to do that. It's up to the individuals whether they want to become part of the community."

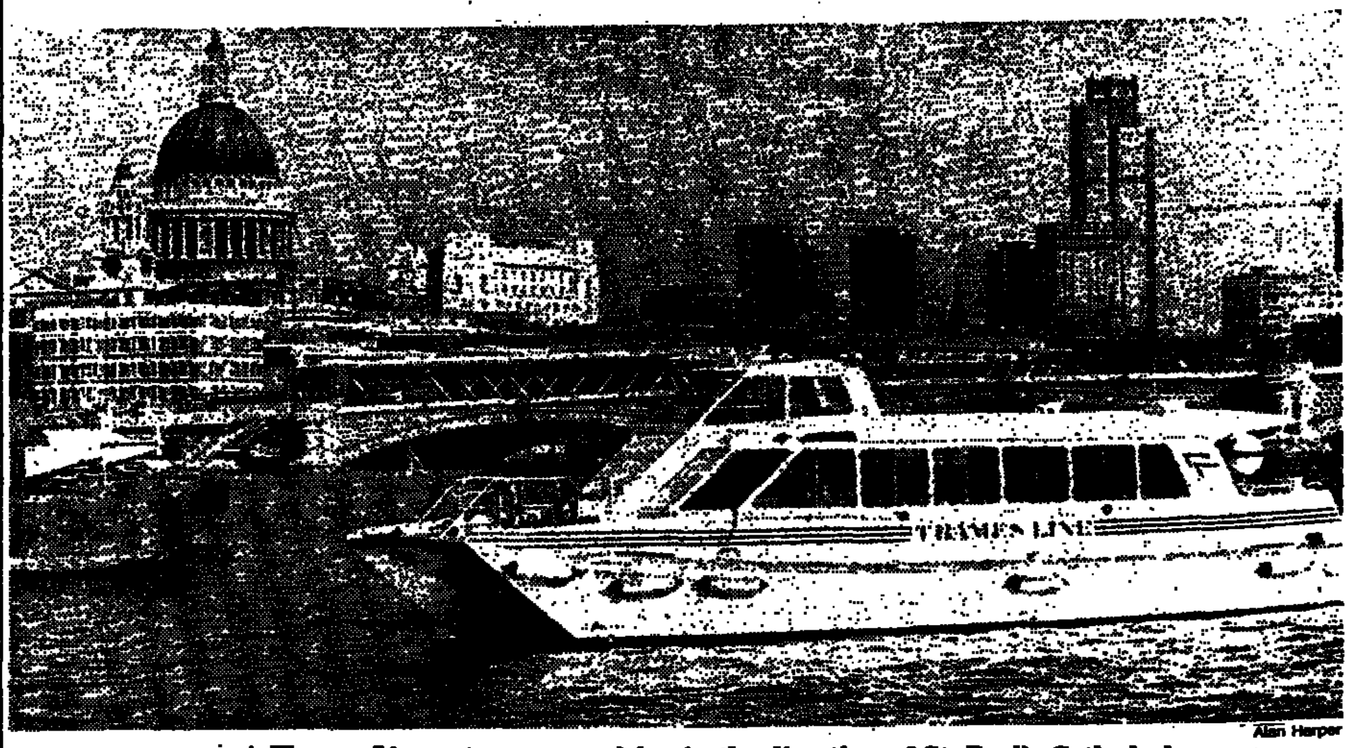
One way of short-circuiting that process of integration is to buy a home with a business in one of the parks. As Philip Proctor, of Humberts' Yorkshire office reports, in the Yorkshire Dales National Park, "there is a tremendous, unstoppable demand for properties in the park with some income attached." As he says, "York has acted like a magnet for people looking for a home out of London. The North Yorkshire Moors are easy to get to from there and, for people selling a house in the south east, property prices here look conspicuously cheap."

Troutsdale Lodge, for example, eight miles from Scarborough, 35 miles from York and deep in the North York Moors National Park, is a former shooting lodge now with planning permission for use as a guest house for eight people. Humberts (0904-89-767) estimate that, with full occupancy, the business could generate an annual income of £19,000 or so, and at £125,000 freehold for a business you can live in, it is an effective way of buying your way into a national park.

• PROPERTY •

John Brennan looks at an alternative to London's traffic jams

Go to work Venetian style



A Thames Line catamaran cruising in the direction of St. Paul's Cathedral

Alan Harper

"IT IS AN amenity, not transport." Those are damning words for a Thames river service that aims to become a serious alternative to the cross-town traffic jams. They are particularly depressing since they come from one of the agents for a major riverside development in West London where road access is via a bottleneck so regularly snarled up that even the motorcycle messengers take a crossword puzzle along to relieve the boredom.

Arthur Mabbott, managing director of Thames Line, takes a surprisingly relaxed view of such dismissive comments."We accept that we have to prove that we can provide a viable service, and we are looking to develop that quietly." Having won the tender by The Port of London Authority, Thames Water Authority, London Docklands Development Corporation and London Regional Transport Authority to become London's preferred riverbus operator, Thames Line has been running trial services from Charing Cross pier and Festival pier to West India Pier on the Isle of Dogs since last summer.

Mabbott is "quietly pleased" with passenger reaction to the trials, which have mainly involved transporting the staff of the Daily Telegraph to their Dockland exile.

After initial reservations about taking to the water, the 10-minute journey time to London Bridge city pier and to Swan Lane pier near Monument Tube has won an increasing number of travellers from the cabs and Dockland Light Railway services. In June a broader public will be able to travel Venetian-style when the first five of Thames Line's fleet of waterjet powered Incat River 50's start carrying 60 passengers a time. They will take them to the first eleven of what will eventually be 29 piers stretching from Chelsea Harbour in Fulham as far east as Gallions Reach pier by London City Airport.

The Thames is a narrow, harshly tidal river and this has caused problems in the past for river services. But, as Mabbott says, the commercial problems have been in trying to use ferries that are too large with too few, and too inhospitable, piers. "I am sure that lots of small craft are more acceptable, and they make it economic to run regular services." The volume of road traffic in central London has increased by 22 per cent since 1979, and the problem of travelling at any time of the day in and across town has overtaken the weather as a topic of conversational irritation.

The chance to get from Chelsea's Cadogan pier to Charing Cross in 12 to 13 minutes, or from Westminster Pier to London Bridge in five minutes does sound like an appealing alternative to sitting in increasingly slow-moving traffic. Thames Line has yet to reveal the cost of its public services, but it is likely that riverbus tickets will be pitched at a small premium to normal bus tickets, £1.50 or so for a service from Chelsea and Fulham to the City.

The implications of an effective riverbus service for the mass of Thamesside homes under construction has yet to be fully appreciated. As travel-to-work time becomes increasingly important an empty river viewed from a traffic jam looks ludicrous. Thus far, however, the river has been used mainly for decoration by developers, the amenity rather than the transport argument again.

Chelsea Harbour's marina adds to the view, but it is the riverbus jetty and the service east up the Thames that will prevent the 400 residents from spending their mornings looking at the backs of their neighbours' cars as they try to filter into the impasse of Fulham's roads. To recover the option of being able to travel by river from Chelsea may not have any evident material effect on values there, but when you look east the river takes on a more critical role.

A river service makes the imposing Greenland Dock development in Rotherhithe a far more realistic commuter option for people working in central London. River travel to the London City Airport could resolve its inaccessibility problem long before the Dockland railway extension is completed. The most immediate beneficiary will be Lovell's Cherry Garden pier development of freehold houses at Bermondsey Wall east, on the south side of the river opposite Wapping Pierhead.

Cherry Garden has one of the first of the operational riverbus piers in front of the development. Where else can you find new, albeit not unduly large, four-bedroom, riverside-facing houses for £239,000 freehold that are (by boat) eight to ten minutes commuting time to London Bridge? By public transport no one would seriously contemplate the same journey and driving into central London from mid-Bermondsey is an exhaustingly complex trip. As agent Carlton Smith & Co (01-488-9017) says:"A river service makes this development, and quite a number of the major schemes, both in the west of London and in Dockloands, prime commuter options."

Dockland Property

London Property

London Property

Dockland Property

DOCKLANDS PROPERTIES

The Residential Property Pages of the Weekend FT will focus on Docklands Properties on the following dates.

Saturday March 26th and Saturday April 23rd

For further information please contact:
CAROL HANEY
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GARDENING

Robin Lane Fox on the joys of the yellow guide to gardens

Advice plus tea and sympathy

THE WEATHER, the wallflowers and some unwise japonicas are already telling us that winter is finished. They are joined this week by that annual omen of spring, the booklet of Gardens Open to the Public, bound in its seasonal shade of forsythia yellow.

I cannot imagine a growing season without this basic directory to British leisure. It gives the time, place and character of all the private gardens which open for charities on Sundays and weekdays from Cumbria to Cornwall.

It allows busybodies to combine malice with unexpected pleasure on almost any journey. In London, you can call on a "garden semi-sauvage with stone whippets, unicorns and a statue of Pandora," while down in Glamorgan you can find "a small Chelsea-inspired garden," not the work of a Sloane-Wally in Welsh exile but the cottage garden of an expert grower of pelargoniums. Sometimes, you need to plan in advance. In Wales, at Byn-y-Bont, the Misses Davis and Entwistle will be pleased to see you in the small garden which they have been making since 1978, where they welcome small parties but can provide teas only if they are pre-booked.

This year, the 1981-82 vintage of garden makers are coming into public circulation. There are quite a few former field-sites; ever more old-fashioned roses, and one or two owners who plainly ought to exchange visits. In Clwyd, on May 29, one owner will be opening a garden of "daffodils and rhododendrons, which survive despite my ignorance and which will welcome hints from visiting horticulturists." On July 17, perhaps he should drive across the county to Hamilton House, whose "one-fifth of an acre cottage garden has interesting plants for the enthusiast and a Kew-trained horticulturist to answer questions."

In 1988, it will pay, sadly, to stay north of the belt of storm damage. When visiting, I try to keep this question in mind: "What would I have done on a site and soil as difficult as this one?" Sometimes, other questions displace it, especially in the increasing number of villages where several gardens open on one day in an epidemic of publicity. Once or twice we have been caught on a narrow flagged path between the wheelchairs, dogs, and fellow-travellers who only want to try the teas.

Perhaps the answer is to take the tea and be thankful. This year, there are some new variations among the usual fine gradations for the connoisseur. Do not confuse Teas with No Dogs Teas, Teas at Gossips, Tea Shops in Town, Cream Teas, and Real Cream Teas which seems to undermine what is offered elsewhere. I leave you to try "Japanese Rear Garden with Traditional Tea," ceremony, perhaps, being included.

If you are half-hearted about plants, there are always those two rival markets: nature and Village Life. I am wary of nature gardens, gardens with a special stress on wildflowers, and gardens with butterflies as their theme. They conjure up nettles and buddleia, but they *are certainly on the increase in* the 1980s.

So, too, is garden fauna. You can find anything from free-range peacocks to koi carp and wallabies. At Ryelands House in Gloucestershire, dogs are welcome on the woodland and country walk only, but part of the afternoon's proceeds will be given to the Canine Defence League: to maintain the defences, or to help the enemy?

On June 26 seven gardens are opening in a chorus in Cambridgeshire's famous Grantchester, but the day reads like an epitaph on rural village-life. Bullie, the real, live baby elephant will be competing with singers at the Old Vicarage, a craft fair, at Manor Farm, wooden toys, pottery, stained glass and its modern bedfellow, a glass-blowing demonstration. Blowers can revive themselves with the inevitable honey which is still being sold for tea, seventy years after Brooke's poem.

Myself, I prefer the plants on sale at discerning garden gates. There are no elephants at places like Rosemoor Gardens in Devon, Spinners in Hampshire, or Stone Cottage in Worcestershire. You can find rare pinks at Old Inn Cottage in Oxfordshire, and remarkable bulbs and alpines at Great Barfield in Buckinghamshire. No other country offers anything like our extraordinary range of private, summer entertainment. The dogs may have to sweat it out in most of the car-parks, but a judicious visit to the keenest gardens will send you home with unbuyable plants which will help you, too, to bring your garden between these coveted yellow covers in due course.

Kent and Sussex fight back

BEFORE CHRISTMAS, there were fears that the National *Garden Scheme (NGS), the* charity which organises garden openings in England and Wales, might be in difficulty this year because of the damage caused in the south east by October's hurricane.

So, when the 1988 edition of the yellow-jacketed guidebook Gardens of England and Wales arrived last week, I turned immediately to the sections on Sussex and Kent.

I was greatly relieved by what I saw. There are indeed some sad absentees: Hall Place, Sandling Park, Belmont and The Postern, all in Kent, are missing. In Sussex, Heaselands will not be opening this year. Yet the two counties muster more than 200 gardens and most of those most severely damaged last autumn are back *on parade.*

Even Emmetts, on top of Ide Hill, a high spot of the North Downs which was destroyed by the storm, is open from April to October and I have no doubt that the bluebells will sheet the hillside in May, although the trees that sheltered them have been blown away. Scotney Castle, loveliest of landscapes, will be open as usual from Easter Monday until November 13 and Penns-in-the-Rocks, at Groombridge, will be open again on April 10.

Others which seem almost to have risen from the dead are Sheffield Park, Leonardslee, Wakehurst Place, Borde Hill and Nymans, which had 90 per cent of its trees uprooted or shattered. Yet when Nymans ran a trial opening in January *far more people came than* expected.

Even in the autumn, immediately after the destruction, visitors were clamouring to get into the gardens. One irate man protested to the National Trust because he had been turned away from Sheffield Park while trees were still lying all over the place. He claimed it was up to him to decide whether to risk being killed rather than for the NT to nanny him.

One trouble with British gardens, so largely dependent on trees and shrubs, is that they change almost imperceptibly over the years, even when well tended, so that the original conception is gradually lost and something totally different takes place. It requires a natural disaster such as the October *gale to shatter one's illusions* and reveal that other possibilities exist.

Some gardens mentioned in the yellow book are so small that several combine to open on the same day.

A group of seven that might interest Londoners are numbers 1,3,4,5,6,8 and 10 Malvern Terrace, Barnsley, Islington, London, a terrace of houses built in the 1830s.

"Gardens of England and Wales" is available from book shops, price £1.50, or direct from the National Garden Scheme, 97 Lower Belgrave St, London SW1, price £2.25 inc p and p.

Arthur Hellyer

John Cherrington, the FT's Agriculture Correspondent for 25 years, died last weekend. He was also a regular contributor to the Weekend FT, writing about fishing and rural matters. We reproduce here an article written in 1983 characteristic of his style – in which, typically, he failed to catch a fish.

A grand obsession

SOME WEEKS ago I met an old schoolfriend who had in the fullness of time become a bishop and was now a retired one. As appears second nature to a prelate, he became inquisitorial. You seem to have something on your mind, some fundamental worry; your marriage? your family?

I replied that he was right, but it was nothing like that. The fact is, I have an obsession, a craving which I can't resist. He was all attention.

Drink? Gambling? Sex? He is a very broadminded cleric. The fact is I told him, I have to go salmon fishing. I spend countless hours on rivers and streams flogging them to the point of exhaustion, knowing that I may never see a fish, let alone catch one.

I have reasoned out the stupidity of the exercise that the chances of catching one are about one in a million casts, and that with the decline in salmon stocks the odds are getting longer every day. But still I persist.

Could you not, with your great wisdom and experience exorcise this demon from me? Exorcism was, I thought, part of a priest's basic training. It was not on any curriculum, he told me, but most in his calling had had a shot at it during their ministry, on an amateur basis, of course. "But", he went on, "yours is a difficult case. Most vices and obsessions are founded on pleasurable sensations in the first place.

"Thanks to their early religious training most people have a guilty conscience about enjoying themselves and an exorcist often gets the best results by playing on these subconscious themes.

"But in your case things are very different. Salmon fishing by every account appears to be a form of self torture which we only see in Indian Fakirs lying on beds of nails. When in India I found it impossible to make such people see any reason at all. They don't seem to feel any pain. Do you?"

"I certainly do," I said. "I am often wet, I get very tired, the hooks stick into my ears and hands. I talk of nothing but fishing in the brief moments when I am not in the water. I know its a mug's game but I still can't give it up."

"You poor fellow," he said, "I will try. But I can't promise anything." Two days later I caught a fish, and this of course spurred me on, and then for two months things on the Wye got steadily worse. The river dropped and got warmer and several weeks passed without anyone catching a fish at all.

I gradually gave up going there at all. Previously I had insisted in fishing even in impossible conditions.

So fortified, I took my wife to Scotland. We had been once this year but I had imprisoned her in a cottage with five other fishermen for about ten days.

She was suspicious, especially when she noticed my rods in the boot. I explained it was all part of the cure. A real test of my resolution, like an untouched whisky bottle in a drunkard's cupboard.

And the cure worked. We stayed in a couple of fishing hotels, and I smugly watched the poor saps returning empty handed every evening. I saw numerous promising rivers and passed them without a pang.

They were down to bare bones of rocks. No fish could have navigated them. The bishop had obviously done his stuff with the weather.

Then on my way home I called in on the Wye. Yes, it had livened up. I decided to fish. After two hours in the boat I was soaked to the skin and hadn't seen or felt a fish. With great self sacrifice I gave my place to a younger man and went off to change and get warm. He caught a fish.

In the afternoon he suggested that I should fish from the bank and there were fish there. I saw three or four continually. For three hours I fished them without respite, using every kind of bait, legal of course. To no avail. But 100 yards up river he caught another where none was seen at all.

I drove home in cold fury at my stupidity in mortifying my flesh to the extent that I had. I determined to give away my beat the next day but found no takers.

It would be a pity to waste it so I rang the ghillie the night before. "The river is in flood and impossible," he said. I breathed a sigh of relief. The bishop seems to be winning.

Richard Rolfe on conservationists fears about European development programmes

The devilish impact of the IMPs

WHILE the Brussels summit has been making headlines this month, another European initiative is moving quietly to a forgettable climax. Next month sees the end of the European Year of the Environment (EYE), the initiative launched with much ado in March 1987.

Its object, in the words of the EC Council, was "to make all Community citizens aware of the importance of environmental protection, and with that aim in view, to carry out specific model environmental protection projects." To this end, committees of the great and the good were set up throughout the EC, with the UK arrangements under the patronage of Prince Charles. Jacques Delors, president of the EC Commission, added his interpretation of EYE: the aim, he said, was "to convince industrialists and citizens to work together to improve the environment."

However, in the view of many conservationists, the EC is itself the main culprit in the degradation of Europe's environment, and EYE has not even addressed the fundamental problems. The impact of the common agricultural policy (CAP) on the traditional landscape – uprooting hedges, draining wetlands and promoting excessive use of agricultural chemicals – is established fact in northern Europe. Now, conservationists say, the EC is repeating the same ecological mistakes in southern Europe, in Spain and Portugal through their adherence to the CAP since becoming full EC members, and in France, Italy and Germany through the medium of IMPs – Integrated Mediterranean Programmes, also known under their French acronym of PIMs.

Few IMPs are yet operational, but the conservationists have already decided that they do not like what they see. Luc Hoffman, founder of the scientific research station at Tour du Valat in the Camargue, says the programmes were launched with little publicity and amount to "an unprecedented threat to the natural environment." The World Wildlife Fund agrees. IMPs, together with the extension of the CAP to Spain and Portugal, it says, "could destroy much of the ancient natural countryside of southern Europe."

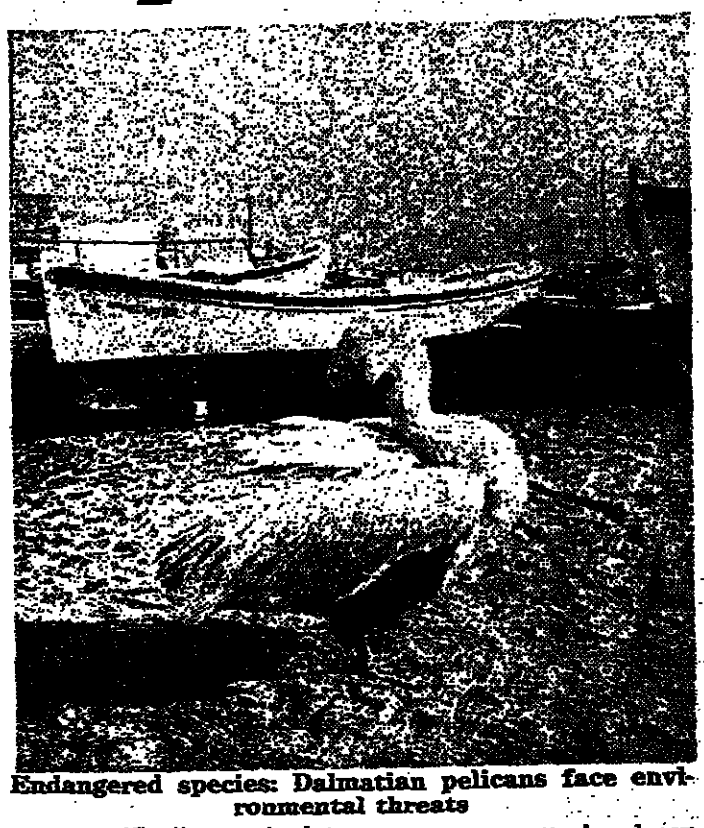
EC officials say that criticism of the IMPs is based on a misunderstanding. "The finance is for a specific purpose," says one. "It is to adjust the economic and social structures of less favoured areas." The preoccupation, he adds, is "agricultural diversification, with some emphasis also on development of non-agricultural sectors and on tourism as a mainstay activity." These are the main objectives of IMPs – "not to fund the Community's environmental policy."

The list of Mediterranean sites which conservationists regard as damaged by EC funding is a long one. In Crete, the first major IMP to be approved, Ecu 470m will be pumped in over the seven-year period, with the central aim of reducing the present 50 per cent dependence on agriculture for jobs. Projects include large-scale fish farming, a ski resort on Mount Psiloriti, forestry, 1,100km of rural roads, extension of irrigation and replacement of olive groves, which shelter migrant birds, with alternative crops such as mangoes and avocados.

In Italy, local WWF groups are upset at IMP-funded skiing developments in the Emilia Romagna and Abruzzo regions, which threaten rare Appennine wildlife such as brown bears, lanner falcon and dotterel, in regions which should be classified as regional parks – and where, WWF claims, existing ski facilities are loss-making. In Spain, the fears are mainly for the future, as the effects of the CAP begin to bite.

There are already signs that development is adversely affecting Spanish wildlife. On the borders of the Coto Donana, the naturalists' paradise first popularised in Guy Mountfort's *Portrait of a Wilderness*, over 20,000 ducks were poisoned in 1986, probably by methyl-parathion used in rice fields surrounding the reserve, even though use of the chemical is prohibited in Spain. Irrigation schemes have damaged other wetlands, particularly the Tablas de Damiel national park in La Mancha, which is drying out as boreholes lower the water table.

The link between habitat destruction and EC finance has been most brutally demonstrated at Mikri Prespa, part of the lake system in western Macedonia, on the Greek border with Albania and Yugoslavia. It is a breeding site for a number of endangered water birds, of which Dalmatian pelicans are the most important. In December 1984, a two-year, Ecu 5.8m IMP pilot scheme was launched to exploit the area's natural resources, within an overall plan to improve agriculture, fisheries, craft industry and tourism in this remote, impoverished and strategically-important region. The pilot action was specifically required to achieve these aims "in a manner compatible with the protection of the natural environment."



Endangered species: Dalmatian pelicans face environmental threats

To meet this requirement an EIA was commissioned and there were consultations between EC and Greek authorities. Accounts differ of what happened, but in the event, the fishery was located in the most damaging possible site. So far there has been no measurable effect on the pelicans, but, says Alastair Gammell, international affairs officer of the Royal Society for Protection of Birds: "We are afraid of the long-term changes." Lowering the lake's water table will allow access to the nesting colony and if the birds are attracted to the fishery, they will run the risk of being shot. "There is only one other small colony of Dalmatian pelicans in the EC," Gammell says. Elsewhere, he adds, "what is happening to their populations in the Soviet Union is unknown, but those on the Danube have declined very dramatically."

Conservationists allege that the Greek Government reneged on undertakings to locate the fishery in either of two other sites, which would not have affected the pelicans and which were approved by the Greek Ministry of National Economy. A national and international controversy ensued and payments under the IMP pilot plan were for a time suspended. The row rumbles on. Recently, the International Union for Nature Conservation, which brings together the world's leading ecologists, censured the Greek authorities, and conservationists are pressuring the EC environment directorate-general to arraign the Greek Government before the European Court.

In Brussels, officials are sensitive over the issues raised by the Mikri Prespa imbroglio. They say that of the three EC bureaucrats who approved the detailed plans for the pilot project, the one most closely involved is now dead, another did not attend the crucial meeting when the site was agreed and the third, who did, was not primarily concerned with environmental matters and cannot remember what took place.

But the problems which the Mikri Prespa case indicates in relations between the EC and member states may be harder to remedy. The fact remains that the Greek Government (among others) has not fully complied with the Birds Directive, which mandates designation of rare bird habitats and measures to protect them. In such cases, EC officials say they are powerless to act.

"We are not a colonial power," says one. "It is up to receiving states to protect their environment – we must assume that we are dealing with civilised and responsible people."

Alastair Gammell takes issue over the EC's unwillingness to link conservation obligations with funding under the IMPs and the CAP. "It's a cop-out," he says. "Of course they are not a colonial power, but they have rights and obligations, as donors." The EC, say conservation bodies, must ensure that projects which receive its funds conform with its environmental legislation. Otherwise, affirms Gammell, "it's like handing a child a loaded gun and denying responsibility when he shoots himself."

Officials say that the lessons of Mikri Prespa have been learnt. "The manner in which our colleagues reacted show that the Prespa publicity has been useful," says Claus Stuffman of the environment directorate-general in Brussels. It is a "great victory," he adds, that national environment ministries now participate in IMPs decisions and have access to all the documentation. "We are winning in the long run," Stuffman concludes.

Former MEP Stanley Johnson, now an adviser to the environment directorate-general, says the mood in the EC is increasingly pro-conservation, but adds: "We are not out of the woods yet – there's nothing bankable, only weasel-words." To this end, Johnson has been drafting a new directive on habitat protection in the EC which, he hopes, "will put in place instruments which counterbalance agricultural and structural policy."

An initiative such as Johnson's is timely. If the emphasis on conservation in the EC is intensifying, so too are attempts to force the pace of development in the Mediterranean region. The recent Brussels summit sanctioned a doubling of structural funds to Ecu 13bn by 1992, with renewed focus on economically-backward areas – to all intents and purposes, those of maximum ecological interest. Moreover, the recipients – areas currently covered by IMPs, plus Spain and Portugal – tend to view the funds as the outcome of a political trade-off and thus theirs by right.

The scene is thus set for the conflict between developers and conservationists in the Mediterranean region to grow more and more bitter, with nothing in the form book to date suggesting that the environment will be other than the loser.

From the front line

DESPATCHES • North London •

Medical student Martin Lupton reports on the day-to-day reality of an NHS hospital

I AWAKE to the sound of the morning news. A bishop is talking about tax cuts and how he feels more should be spent on the National Health Service. It is late and I do not listen very carefully. I need a clean shirt, a tie and clean shoes. I am starting my senior clerkship in medicine.

I arrive outside the administrator's office at about 9am and see my friend, Mark, who is doing his surgical attachment here. Together we fill in various forms assuring the health authority that we will not treat anyone, or prescribe anything and are told where our rooms are and which consultants we should introduce ourselves to.

We deposit our bags and bleep our respective registrars (the consultants' second-in-command). They are not expecting us, nor do they know why we are here. We attach ourselves to the ward rounds and the day begins.

In hospital there are so many old people, so many decrepit, breathless, incontinent old people. Some are fiercely proud, determined to go home; others are demented and totally lost. Many have been deserted by their families. Patient after patient is waiting to move from a £160-a-night hospital bed to an old people's home or "part three accommodation" (both incredibly scarce). One lovely old man is waiting for his helper, his 73-year-old sister; she arrives stooped with the years but proud that she can cope for the two of them.

Or there is the Indian woman in her 30s, crippled by arthritis since she was a child, her legs tiny and thin and nearly useless, so deformed that she is unable to get herself to the toilet. She lives with her nephew who carries her down from her room in the morning and leaves her in the sitting room all day, without TV or radio, and then takes her up to her room when he returns in the evening.

If she needs to go to the toilet during the day she drags herself into the garden and urinates. In the rain and snow she lays out a paper on the sitting room floor. She does not get on well with her nephew any more.

She told this story after our friendly registrar had talked to her for a while. His compassion was too much for her and she began to weep. I feel humiliated for her. But there are no long-stay beds for the young and chronically disabled and she is discharged back into the care of her nephew – with some cardboard bedpans.

My consultant's patients are spread across the hospital. Medical patients in surgical wards, all the wards understaffed. In every ward my consultant displays frustration, complaining about bad management and lack of funds. It is rather off-putting, when you are about to qualify, to see a consultant so depressed.

The junior house staff are only half here. After all, they have been working solidly since Friday morning and it is now 11 am on Monday. They have spent the weekend struggling to find beds in the hospital for their emergency admissions, trying to lay their hands on X-rays and blood results which simply vanish in the internal post, notes which evaporate never to be seen again.

Thus, the ward round continues. At 1pm the round ends and I can go and get something to eat.

Outpatients begin at 2 pm. The huge outpatients department is full. I am on rheumatology. Patients suffering from joint pain, made worse by sitting for hours on badly designed chairs, are preparing themselves for the long wait.

I sit with my consultant, who with his registrar is the only expert in rheumatology in the clinic. I cannot even guess how many patients we see. Once again many blood test results are missing, as are some notes. Patients who have waited for hours for appointments they made four months ago are asked to come back to the hospital, yet again, when the results are found. They're fed up and a few complain. What can we say?

At 5.30 pm outpatients end and I join Mark. He is doing a surgical take and has been bleeped to see an old man who is thought to have a bleeding Aortic Aneurysm (a surgical emergency caused when a blood vessel enlarges and may erupt).

Mark has been in theatre most of the day because, for the first time in a long time, there are a few surgical beds free, available for booked admissions rather than emergencies.

This means that patients who have been told anything up to several weeks ago that they definitely have cancer of the bowel, for example, can finally come in for surgery. The two of us feel chilled at the thought of wandering around knowing there is a tumour inside you, week after week, having your operation cancelled because of lack of beds. Perhaps it is something I will have to get used to.

We arrive in casualty to find only two nurses on duty and the waiting room filled with the usual screaming children, bleeding injuries and drunks. The registrar arrives, examines the patient and immediately whisks him off to theatre. Mark scrubs up yet again. It is now 10.30pm.

At 2am I slope off to visit the intensive therapy unit where a patient will be transferred after an operation. I have to go past a notice from the hospital administrator saying that the unit can only be used in the event of absolute extremis, as only four beds out of a possible six are now staffed. Sister says there are only staff for two beds.

At 4 am the patient is brought into the unit and I go to bed.

I go to bed with the news on. Some Government spokesman is speaking about the health service and how, statistically speaking, everything is better than a few years back. I never really understood statistics.

Saleroom

Good days for modern artists

Antony Thorncroft finds that the market for modern British pictures remains strong

IF ANY sector of the art market was likely to suffer from the stock exchange crash it was modern British pictures. The extraordinary rise in price of the artists of the Newlyn School in particular but also, to a lesser extent, of the Glasgow gang and the Camden Town coterie, to say nothing of the more challenging work of the painters of the 1920s and 1930s, was attributed to recently made City fortunes, with the new money furnishing its grander homes with easily accessible paintings.

There were few foreign buyers: a handful of Americans are interested in Churchill, Russell-Flint and Munnings but basically this has been a self-induced boomlet. So how else could you account for the work of Dorothea Sharp rising in value in ten years from an average of £500 a canvas to over £20,000 and Harold Harvey spiralling even higher, apart from new British buyers, encouraged by aggressive dealers and the siren song of art as an investment. When it came to artists like Munnings and Montague Dawson the appeal was understandable – horse paintings and marine views are the natural collecting choice of the nouveau riche – but the salerooms and the dealers were conscious of a new generation of fairly well informed British buyers, keen to spend some of their surplus wealth on art.

The first signs are that this new breed survives. Both Sotheby's and Christie's held major sales of modern British pictures just after the October crash and did remarkably well. The next round of auctions takes place next week and nobody is particularly pessimistic. The unbridled optimism of a year ago might have vanished, especially around the Newlyn School, but gradually the official academic view that British art of the 20th century, up to and including our contemporary artists, is something we should be proud of and boast about is starting to filter down to where the money is.

Christie's has by far the better sale – on Thursday and Friday. There is the usual Newlyn representation, with four paintings by Dorothea Sharp, estimated at between £8,000 and £20,000. Obviously the news that she is commanding amazing prices has got out and the market is being bombarded with her work. The same goes for Harvey. A good coastal scene by Dame Laura Knight carries an optimistic top forecast of £40,000 but there are immeasurably more important paintings by Sickert and Sargent on offer, with the Sargent reckoned to be worth over £100,000.

Having re-appraised the Newlyn School, the Scots, and so on the art world can move on to pushing later modern artists. A current star is Glyn Philpot. In November it sold an important work by him for a record £39,600. This brought out another minor masterpiece, "The entrance to the Tagada", a Parisian night club scene of 1931, showing a devilish figure in red luring the unwary to their costly fate. Its top estimate is £30,000 but it could go higher.

Perhaps the most interesting, not to say bizarre, group of works for sale is some huge contemporary sculptures which once littered the gardens of that ill-conceived shrine to the arts, Sutton Manor near Winchester. One, a towering iron and steel "Construction", by Kenneth Martin, as tall as the trees around it, has been dismantled and store, imposing a nice problem of re-creativity for any buyer, but the rest of the works are in situ. So if you ever wanted an Anthony Caro, for example "Tuba", over six feet high and made of steel, it could be yours for £40,000. A marble carving by Barry Flanagan is estimated at up to £8,000 and some angular compositions by William Turnbull for up to £10,000.

Christie's dares to confront head-on the vexed problem of whether cotemporary artists, who mainly sell through dealers' galleries, should be offered in the auction room. It thinks they should and receives numerous approaches from money-hungry artists. It is a dangerous gamble. If the works go well new price levels are established; if they fail to sell the artist suffers a wounding blow to his pride and reputation.

The happy theory is that his dealer will be there in the saleroom, bidding up to record prices to safeguard his investment. It rarely works like that. Next week at both Christie's and Sotheby's you can buy works by such significant artists as Ruskin Spear, Carel Weight, Elizabeth Frink, Patrick Heron, Terry Frost, and others, many coming from the extensive collection of that modern patron Lord Strauss, who is having a clearout through Sotheby's. Prices should be cheaper than in the galleries but the choice is more limited and you do not enjoy the back-up that most dealers offer.

Christie's offering: by Dame Ethel Walker

A PORTRAIT of Elsa Lanchester by Dame Ethel Walker, which Christie's is selling on Friday. It is expecting bids up to £2,500 for this decorative picture. The actress is portrayed as Prue in Congreve's play "Love for Love". It is sold by her executors.

Elsa Lanchester had a large collection of modern art which Christie's is in the process of selling.

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Marks and Spencer launches a mail order catalogue which offers little to excite discerning prospective buyers

'Why did they bother?'

Lucia van der Post

HOW TO SPEND IT

SELLING furniture to the British has never been easy. It's a traditionally conservative market that in its day has broken many a heart and many a bank.

This month both Marks & Spencer and Habitat have yet another go, when they launch *mail order* catalogues designed to persuade us that furniture is fun, furniture is something we have to have.

Marks & Spencer kicked off this week with its first glossy venture" aimed at showing all those not near a store with a full selection of their wares, just what furnishing the M & S way has to offer. Those who are accustomed to turning to St. Michael for their knickers and their salmon *en croute* can now *sit on a Carmarthen sofa* covered in Versailles fabric, eat their dinner off *Floral Garland* tableware, snuggle down under Contessa bedlinen and enjoy what I think is called a "gracious" lifestyle, courtesy of M & S.

When the first "stand-alone" M & S furnishing store was opened a couple of years ago I had plenty to say on the subject - it was not, to put it mildly, my cup of tea. This time I thought I would ask members of the great British public what they thought.

I tried the catalogue first on a youngish chap, just about to get married.

"On looking through it, my first thoughts were 'Why did they bother?' There is really nothing in this catalogue that other firms do not do either better or cheaper. Not hip enough to appeal to the Next generation, far too expensive for the MFI/BHS brigade, far too 'chain store' for the country house/Laura Ashley types.

"I think it's a big mistake to have everything coordinating like this, because when you add up the total cost of, say, a full ash wall unit, you end up in the thousands of pounds bracket. There is nothing especially wrong with the products themselves, they are just too ordinary, too run of the mill, to lift the spirit.

"I personally would buy nothing from this catalogue. More telling, perhaps, I don't think my mother would either. The only people I can see buying from it are people outside the big cities who may not have the choice we have."

Oh, dear. I tried a colleague in her mid-thirties, veteran of many a home-furnishings skirmish.

"I find this rampantly "feminine" look rather cloying and phonily reminiscent of the country house look. No self-respecting Labrador would ever snooze on these sofas - Rover would be terrified of catching hayfever from all those artless blooms.

"I did pause for a moment to take a closer look at the plain bedlinen, but alas, Marks and Spencer has not cottoned on to the fact that polyester is a tacky substance to sleep with. I'm sure the furniture is all frightfully well made but it's also frightfully dull."

Then I tried a self-confessed M & S fan, owner of a really "trad" house, just the sort of person I would have thought M & S should be aiming at.

"I love the place," she said, "I buy almost everything there but though the furniture and fabrics may appeal to little old ladies they do nothing for me. I am surprised that they should want to sell such old-fashioned looking flowery fabrics when so many other companies do them better.

"My biggest objection to the furniture is its awful shape. Could anyone tolerate living with those black leather sofas?

"I am probably damning with faint praise when I say that I do like their bathroom accessories, though, particularly their Prima towels for their dryabilty. The beach towels are also fun, hard wearing and good value."

I turned to two young people in their twenties, just setting up their first flat. "Anything, there for you?" I asked, tossing them the catalogue. Dear M & S, I'm really sorry, I tried, but they fell about laughing. "This," they said, "is a form of tourism. Carmarthen, Autumn in the Fens, Chatsworth. It's selling a phony version of England. It's not selling on design but by association. The implication that if you brought home one of these bits of furniture to your little Hackney flat you, too, might join the hunting, fishing, shooting set in the Fens, or live the gracious Chatsworth life is false and patronising.

"It's based on this new idea of a total concept but we don't want yet another 'concept' - what we want are basics that we can put together in our own way to create our own lifestyle."

Ah, well, I tried. Over to Tottenham Court Road where Sir Terence Conran is giving me an exclusive preview of his new catalogue."

Left and above: from the new Habitat catalogue to be launched next month, a softer, "less uncompromising" look (note the high-ceilinged period room above, designed to show that the new look Habitat has something to offer even the grandest lifestyles). The highbacked wing chair is £308.22, the dining table is black ash (£369), the chairs black lacquered beech (£199). Below, "Versailles" from the new St. Michael collection - everything from the two-seater sofa (£350) to the Austrian blind (£35), the pelmet (£14.99) and the Yew occasional table (£225) is for sale.

He admits that the furniture market has been "static" and though Habitat has kept its market share it hasn't grown in quite the way he and his shareholders would like. He makes it clear he has also got pretty miffed at all those headlines saying "Has Habitat lost its way?"

Habitat, it seems, has not. But it has decided it needs to grow and expand its market. Habitat has set out to answer all those people who complained that the furniture was fine for first-time home owners but after that there wasn't much to tempt them.

"We want people to be able to live with Habitat until their dotage. The new range is less uncompromising than previously. In certain aspects we are taking it nearer the middle ground. The main way we have done this is with a much greater emphasis on upholstery - there is now a huge choice of sofas and chairs, an option to have fire-resistant foam, and a big range of fabrics in which any of the chairs and sofas could be covered."

Certainly the overall impression is of greater comfort - the slight *sense of bleakness about* the cabinet furniture and the upholstery has been softened.

There are still all the classic Habitat ingredients - the simple traditional kitchenware, the well-designed glass and salad bowls, the rugs and dhurries but there is an added softness. More of the wares could sit more easily in more homes.

How had the new M & S catalogue gone down at Storehouse headquarters? Sir Terence shook his head sadly. "It's as if Habitat and everything I've been trying to do had never happened. It projects an enclosed Edwardian world with no sign of any progression since 1900. There is no optimism, no freshness, an utterly gutless collection with nothing innovative about it at all. Now they don't take that attitude to food. There they *seem to say 'Let's* tempt them, let's lead the way'. When it comes to clothing they know what they're doing - they offer reliable basics that people can put together in their own way. Why don't they innovate or lead when it comes to furniture?

"Still, the M & S furnishings divisions is undoubtedly very successful - it does just under half the turnover that we do and when you think that they have only been *doing* it seriously for just over two years that is a tremendous achievement.

"I'm sure it will sell. As a commercial decision for short-term profits it's a good one but in the long run, for their image as a progressive retailer, I think it will be very harmful. They have placed themselves in a position in the market that it will be almost impossible to get out of. As an admirer of much of what M & S does, I think it is very sad."

And what do I think? Well, I give them marks for improving since two years ago - fewer dinky ornaments, some fresher, crisper chintzes, fewer frightful pictures, a much more appealing, darker form of pine in some of the kitchen furniture but I don't think I'll be buying *much from the catalogue* myself. However, out at Brookfield at the splendid new M & S store I did see one truly covetable item - a charming wicker chair, just the sort that Ratty would have liked. At £125 a time, in natural or black, it isn't cheap but it is the furniture equivalent of the polo shirt, the navy-blue sweater or the blazer - every house should have one. Now THAT, in my opinion, is what M & S should be about.

● *The full* range of *M & S* furniture can be seen at Brookfield Centre, Halfhide Lane, Cheshunt, Hertfordshire, Kingston, Oxford, Gateshead and Oxford. Catalogue £1.

The new Habitat catalogue, £1.95, will be in the stores on March 17.

A magnificent box full of goodies

Food for Thought

THE RELAUNCH of Take Six Cooks on Channel 4 this week prompts thoughts of cooking on television. I am sometimes surprised that there is not a great deal more of it. When the mass media tycoons had only print to play with, they filled the newsagents' racks with heaps of women's magazines offering a huge pageant of cooking advice and pictures.

If advertisers want a captive audience of high-spending housewives, what is wrong with a cookery programme rather than a *chat-show? Why is the BBC/* ITV battle on cookery being fought out between the two minority channels, BBC2 (Food and Drink) and Channel 4 (Take Six Cooks)?

Of course I am numb and sick with jealousy at not being on TV myself. My project for a TV series moulders in a "pending" folder. So whither cookery on TV? And whence? If you can *remember Philip Harben* and Fanny Cradock, you will know that it's come a long way.

Colour has had a lot to do with it of course. The main problem nowadays is to *unscramble your like/dislike* of the star from your feelings about what he or she is cooking and how he or she is doing it. It is much nicer if you don't have to try.

I am a fan of Keith Floyd, not because of the bow tie and the panama *hat, the lopsided grin* and the whole boozy pushiness, but because of his evident distaste for the grinder, the food processor and the long waits for things to come out of the fridge. There's never any "and here's one I made earlier" about Floyd, because he is really a short-order man.

Food and Drink has Michael Barry, who is an altogether different kettle of fish. Neat beard, a touch tubby, beaming away, very anxious to please and clearly quite content, in his Tattershall shirt and promotional apron, to cut the figure of a veritable domesticated George. His cooking is calculated to produce a desire to cook among the can't-be-botherers. And he is truly inspired: everything he does looks much too easy and very edible.

These two are not the only stars, of course, just recent performers. We have seen Anton *Mossiman and Raymond* Blanc and Michael Quinn; we have seen Jane Grigson and Prue Leith. And I still wonder what they are all telling us to do. I understand that they are all very, very good cooks.

I always understood Madhur Jaffrey, who presided over hair-raisingly large and hot pans brimming with hissing fat and garlic and coriander while wearing ravishingly unpractical saris. "If I can do all this in this outfit," she seemed to be saying, "how come you have to go out for a curry?"

But what message do we get from all these master cooks? Admire them we may, but do they make cookery more accessible to us? Just now and then they do, but although they are always terribly nice and just like us, *their very starriness* is a bit of a put-down. They don't make me feel I can compete with Marks and Spencer and I think that that is what counts. I want to feel I can do it myself.

Along with the inspirational element in TV food programmers, there runs a strong vein of critical consumerism. The investigative journalist in all of us loves to uncover a conspiracy or a scandal. How about a fearless probe through the E-numbers on mayonnaise bottles? Regular readers will know that this column doesn't care for such capers. Why, I wrote a whole piece about butter recently without suggesting at any point that it is bad for you.

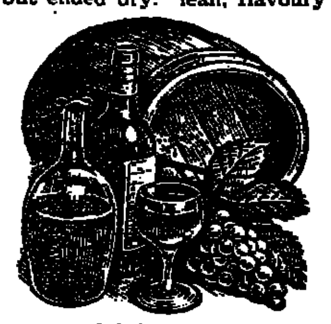
But TV programmers sniffing for the newsworthy are irresistibly drawn to the investigative pieces. And what better target than big food companies, with their PR departments dedicated to getting on TV as often as possible, and so always media-friendly by instinct? I think TV viewers have earned themselves some lovely, mouth-watering food coverage. I'll do it if somebody asks me.

But really, the most exciting bits for me are not the masters smoothly lording it among their huge ranges and professional pans, but the glimpses of foreign domesticity — of the time-honoured staples of various countries made at home in the kitchen by someone who learnt it from his or her mother.

OK, the stove looks a bit wobbly, the pan decidedly not shop-fresh: but when that Dutch yellow pea soup or that Portuguese fish stew is finally *brought to table, I feel that* television has earned its place in my home: Roll titles and fade to black.

Peter Fort

Fruity flavour ten years on



Wine

AFTER THE notorious 1972 vintage, 1977 was the worst claret year of that decade. At the end of March, and 10 days later at Easter, there were frosts and snow in Bordeaux. The early-budding Merlot grape was affected so severely that it produced only 25 per cent of the previous year's prolific crop. The vine flowering was late and irregular and the summer mostly cold and wet. At the beginning of September vintage prospects were dismal.

However, as often happens in *the Gironde, a fine September* and dry October saved the harvest, although it was so tardy in ripening that picking did not begin until October 10, one of the latest starts in recent years. *Fortunately, the indifferent red* wine crop was the smallest since 1971 and has been surpassed every year since. The young wine lacked body and fruit, was short in flavour, and was ignored generally by trade buyers and consumers.

Nevertheless, it was the first-growths of the 1977 claret that the usual party of six, including two Masters of Wine, drank at dinner after the traditional 10 years when a claret vintage might be expected to show its potential at classed-growth level. We were not very optimistic; but when the seven bottles were decanted, some of their bouquets seemed more fruity than we had expected.

The wines were tasted in the usual order on these occasions: Haut-Brion, Margaux, Lafite, Mouton-Rothschild, Latour, Cheval-Blanc and Petrus. Six is the ideal number for such a party, as this provides enough wine for a refresher before a vote is taken. The notes were all made at the table, my own mixed with those of the others.

Haut-Brion. More colour than expected although with a slightly watery rim. Opinions varied on the bouquet: "buck*wheat" and "chocolate" were* two comments. I found a touch of the typical Graves "brickiness," with a certain elegance. The flavour was undoubtedly light with some acidity at the end. It was agreed generally to have some quality, although short, and to be quite drinkable but not for keeping (this applied to all the others, too).

Margaux. When this vintage was being made the future of the property, owned for more than 50 years by the Ginestet family, was in doubt. The French government had turned down a financially favourable offer by the American National Distillers Company but later was to approve a takeover by Andre Mentzelopoulos, the Greek head of the Felix Potin grocery chain. The doubtful prospects of the vintage were not improved by these negotiations.

However, at the age of 10 this 1977 wine had more colour than the Haut-Brion. The nose was restrained at first but developed in the glass – comments included "fragile, fragrant" and "some life and intensity." It had more body than the Haut-Brion but ended dry: "lean, flavoury with some delicacy."

Lafite. This had a surprisingly deep colour for year and age, with a brown tinge. Elegant but "low-keyed" bouquet and a "rather dumb nose." The flavour was thin and attenuated and dried out quickly in the glass. An immature wine.

Mouton-Rothschild. Reasonably good colour, with some fruit on the nose and aromatic. More body than Lafite and agreeably soft as Mouton-Rothschild can be in spite of all its Cabernet-Sauvignon.

Latour. Typically deep Latour colour. An oaky, vanilla, fruity aroma that developed very well - comments included "rich, full and opulent," "surprisingly full flavour for the year, well-balanced and long," and "very ready to drink." Still some tannin and dryness. Enjoyed generally.

Cheval-Blanc. Medium colour, lovely mature nose and obviously chaptalised (an essential that year). The initial rather dry flavour developed very well in the glass – "slightly chocolatey, with good balance".

Petrus. When poured out first, this had been decanted about 90 minutes. The colour was full and big. At first sip several tasters described the nose as "chocolatey;" but then it turned woody and, after a few minutes in the glass, the wine clearly was corked. Such an occurrence is no one's fault although somewhat expensive even for 1977 Petrus; yet it is only fair to say that I had been given a few bottles by Christian Moueix, the co-proprietor who makes the wine.

Corked bottles are a great deal rarer than many suppose; *and in this series of parties that* began a dozen years ago with the 1964s (but skipped the 1968s and 1972s) this was the first occasion on which this had occurred. Unfortunately, the bottle could not be replaced at the table. But, a few days later, with my wife and a claret-experienced wine merchant, I opened a fresh bottle and drank it alongside another bottle of the Cheval-Blanc. My note read: "Good colour, full, flavoury *nose, real Merlot softness* and richness. Engaging flavour, surprisingly sweet for the vintage." My companions agreed.

The voting for the six sound wines at the dinner ran from one to six; so the smaller the total votes, the higher the placing. The ranking, with the votes in brackets, was: one, Latour, with five firsts out of six (seven); two, Cheval-Blanc (12); three, Haut-Brion, although two placed it fifth (21). Opinions varied about Mouton-Rothschild but the voting placed it fourth (24,) followed by Margaux (26) and Lafite, unanimously sixth and last (36).

Nevertheless, after tasting the second bottle of Petrus I would certainly have placed it first on sheer drinkability. It made the accompanying bottle of Cheval-Blanc seem somewhat austere. Certainly Petrus, Latour and Cheval-Blanc were the three wines for which little or no apology or explanation would be necessary before serving.

As on previous occasions a single bottle of each wine was drunk. other bottles might have produced different results. However, it could be said that the wines were better than expected. This perhaps reflects the high standards of wine-making and, above all, of selection that rule in the *cuviers* and *chais* of the *premiers crus* of Bordeaux.

Edmund Penning-Rowsell

DIVERSIONS

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'Why did they bother?'

HOW TO SPEND IT

Lucia van der Post

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When the first "stand-alone" M & S furnishing store was opened a couple of years ago I had plenty to say on the subject - it was not, to put it mildly, my cup of tea. This time I thought I would ask members of the great British public what they thought.

I tried the catalogue first on a youngish chap, just about to get married.

"*On looking through it, my* first thoughts were 'Why did they bother?' There is really nothing in this catalogue that other firms do not do either better or cheaper. Not hip enough to appeal to the Next generation, far too expensive for the MFI/BHS brigade, far too 'chain store' for the country house/Laura Ashley types.

"I think it's a big mistake to have everything coordinating like this, because when you add up the total cost of, say, a full ash wall unit, you end up in the thousands of pounds bracket. There is nothing especially wrong with the products themselves, they are just too ordinary, too run of the mill, to lift the spirit.

"I personally would buy nothing from this catalogue. More *telling, perhaps, I don't think* my mother would either. The only people I can see buying from it are people outside the big cities who may not have the choice we have."

Oh, dear. I tried a colleague in her mid-thirties, veteran of many a home-furnishings skirmish.

"I find this rampantly "feminine" look rather cloying and phonily reminiscent of the country house look. No self-respecting Labrador would ever snooze on these sofas - Rover would be terrified of catching hayfever from all those artless blooms.

"I did pause for a moment to take a closer look at the plain bedlinen, but alas, Marks and Spencer has not cottoned on to the fact that polyester is a tacky substance to sleep with. I'm sure the furniture is all frightfully well made but it's also frightfully dull."

Then I tried a self-confessed M & S fan, owner of a really "trad" house, just the sort of person I would have thought M & S should be aiming at.

"I love the place," she said, "I buy almost everything there but though the furniture and fabrics may appeal to little old ladies they do nothing for me. I am surprised that they should want to sell such old-fashioned looking flowery fabrics when so many other companies do them better.

"My biggest objection to the *furniture is its awful shape.* Could anyone tolerate living with those black leather sofas?

"I am probably damning with faint praise when I say that I do like their bathroom accessories, though, particularly their Prima towels for their dryability. The beach towels are also fun, hard wearing and good value."

I turned to two young people in their twenties, just setting up their first flat. "Anything, there for you?" I asked, tossing them the catalogue. Dear M & S, I'm really sorry, I tried, but they fell about laughing. "This," they said, "is a form of tourism. Carmarthen, Autumn in the Fens, Chatsworth. It's selling a phony version of England. It's not selling on design but by association. The implication that if you *brought home one of these bits* of furniture to your little Hackney flat you, too, might join the hunting, fishing, shooting set in the Fens, or live the gracious Chatsworth life is false and patronising.

"It's based on this new idea of a total concept but we don't want yet another 'concept' - what we want are basics that we can put together in our own way to create our own lifestyle."

Ah, well,I tried. Over to Tottenham Court Road where Sir Terence Conran is giving me an exclusive preview of his new catalogue."

Left and above:from the new Habitat catalogue to be launched next month,a softer,"less uncompromising" look (note the high-ceilinged period room above,designed to show that the new look Habitat has something to offer even the grandest lifestyles). The highbacked wing chair is £308.22,the dining table is black ash (£369), the chairs black lacquered beech(£199). Below,"Versailles" from the new St. Michael collection - everything from the two-seater sofa (£850)to the Austrian blind (£35),the pelmet (£14.99)and the Yew occasional table (£225)is for sale.

He admits that the furniture *market has been "static" and* though Habitat has kept its market share it hasn't grown in quite the way he and his shareholders would like. He makes it clear he has also got pretty miffed at all those headlines saying "Has Habitat lost its way?"

Habitat, it seems, has not. But it has decided it needs to grow and expand its market. Habitat has set out to answer all those people who complained that the furniture was fine for first-time home owners but after that there wasn't much to tempt them.

"We want people to be able to live with Habitat until their dotage. The new range is less uncompromising than previously. In certain aspects we are taking it nearer the middle ground. The main way we have *done this is with a much* greater emphasis on upholstery - there is now a huge choice of sofas and chairs, an option to have fire-resistant foam, and a big range of fabrics in which any of the chairs and sofas could be covered."

Certainly the overall impression is of greater comfort - the slight sense of bleakness about the cabinet furniture and the upholstery has been softened.

There are still all the classic Habitat ingredients - the simple traditional kitchenware, the well-designed glass and salad bowls, the rugs and dhurries but there is an added softness. More of the wares could sit more easily in more homes.

How had the new M & S catalogue gone down at Storehouse headquarters? Sir Terence shook his head sadly. "It's as if Habitat and everything I've been trying to do had never happened. It projects an enclosed Edwardian world with no sign of any progression since 1900. There is no optimism, no freshness, an utterly gutless collection with nothing innovative about it at all. Now they don't take that attitude to food. There they seem to say 'Let's tempt them, let's lead the way'. When it comes to clothing they know what they're doing - they *offer reliable basics that people* can put together in their own way. Why don't they innovate or lead when it comes to furniture?

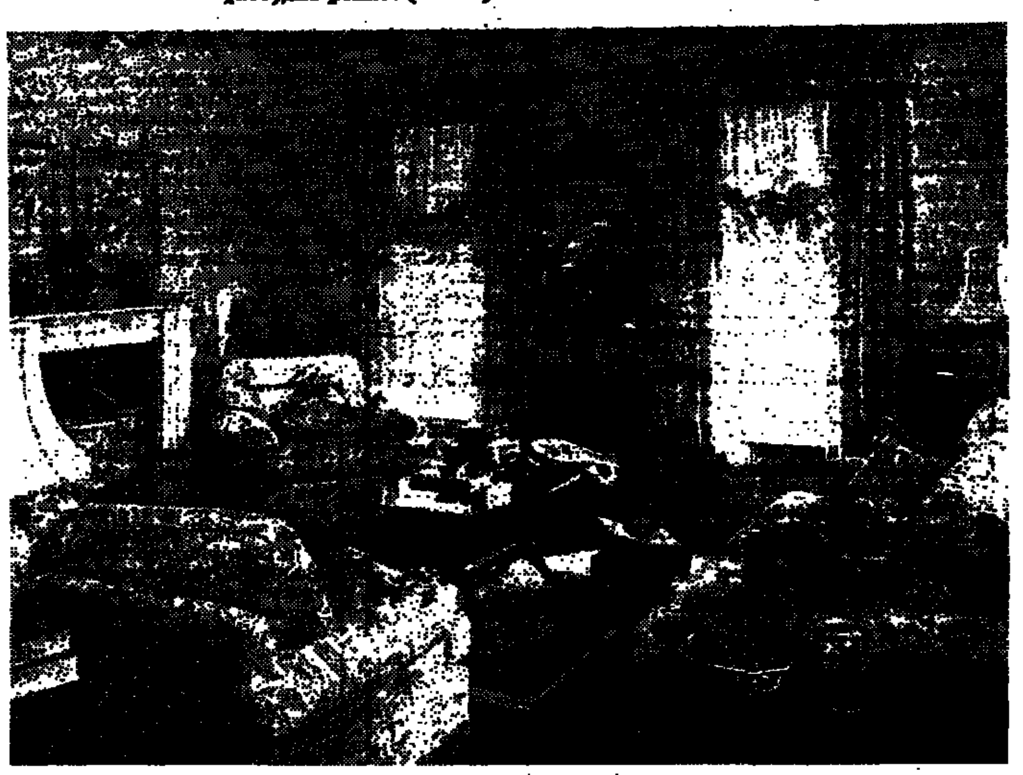
"Still, the M & S furnishings divisions is undoubtedly very successful - it does just under half the turnover that we do and when you think that they have only been doing it seriously for just over two years that is a tremendous achievement.

"I'm sure it will sell. As a commercial decision for short-term profits it's a good one but in the long run, for their image as a progressive retailer, I think it will be very harmful. They have placed themselves in a position in the market that it will be almost impossible to get out of. As an admirer of much of what M & S does, I think it is very sad."

And what do I think? Well, I give them marks for improving since two years ago - fewer dinky ornaments, some fresher, crisper chintzes, fewer frightful pictures, a much more appealing, darker form of pine in some of the kitchen furniture but I don't think I'll be buying much from the catalogue myself. However, out at Brookfield at the splendid new M & S store I did see one truly covet*able item - a charming wicker* chair, just the sort that Ratty would have liked. At £125 a time, in natural or black, it isn't cheap but it is the furniture equivalent of the polo shirt, the navy-blue sweater or the blazer - every house should have one. Now THAT, in my opinion, is what M & S should be about.

● The full range of M & S furniture can be seen at Brookfield Centre, Halfhide Lane, Cheshunt, Hertfordshire, Kingston, Oxford, Gateshead and Oxford. Catalogue £1.

The new Habitat catalogue, £1.95, will be in the stores on March 17.



A magnificent box full of goodies

Food for Thought

THE RELAUNCH of Take Six Cooks on Channel 4 this week prompts thoughts of cooking on television. I am sometimes surprised that there is not a great deal more of it. When the mass media tycoons had only print to play with, they filled the newsagents' racks with heaps of women's magazines offering a huge pageant of cooking advice and pictures.

If advertisers want a captive audience of high-spending housewives, what is wrong with a cookery programme rather than a chat-show? Why is the BBC/ITV battle on cookery being fought out between the two minority channels, BBC2 (Food and Drink) and Channel 4 (Take Six Cooks)?

Of course I am numb and sick with jealousy at not being on TV myself. My project for a TV series moulders in a "pending" folder. So whither cookery on TV? And whence? If you can remember Philip Harben and Fanny Cradock, you will know that it's come a long way.

Colour has had a lot to do with it of course. The main problem nowadays is to unscramble your like/dislike of the star from your feelings about what he or she is cooking and how he or she is doing it. It is much nicer if you don't have to try.

I am a fan of Keith Floyd, not because of the bow tie and the panama hat, the lopsided grin and the whole boozy pushiness, but because of his evident distaste for the grinder, the food processor and the long waits for things to come out of the fridge. There's never any "and here's one I made earlier" about Floyd, because he is really a short-order man.

Food and Drink has Michael Barry, who is an altogether different kettle of fish. Neat beard, a touch tubby, beaming away, very anxious to please and clearly quite content, in his Tattershall shirt and promotional apron, to cut the figure of a veritable domesticated George. His cooking is calculated to produce a desire to cook among the can't-be-botherers. And he is truly inspired: everything he does looks much too easy and very edible.

These two are not the only stars, of course, just recent performers. We have seen Anton Mosaiman and Raymond Blanc and Michael Quinn; we have seen Jane Grigson and Prue Leith. And I still wonder what they are all telling us to do. I understand that they are all very, very good cooks.

I always understood Madhur Jaffrey, who presided over hair-raisingly large and hot pans brimming with hissing fat and garlic and coriander while wearing ravishingly unpractical saris. "If I can do all this in this outfit," she seemed to be saying, "how come you have to go out for a curry?"

But what message do we get from all these master cooks? Admire them we may, but do they make cookery more accessible to us? Just now and then they do, but although they are always terribly nice and just like us, their very starriness is a bit of a put-down. They don't make me feel I can compete with Marks and Spencer and I think that that is what counts. I want to feel I can do it myself.

Along with the inspirational element in TV food programmers, there runs a strong vein of critical consumerism. The investigative journalist in all of us loves to uncover a conspiracy or a scandal. How about a fearless probe through the E-numbers on mayonnaise bottles? Regular readers will know that this column doesn't care for such capers. Why, I wrote a whole piece about butter recently without suggesting at any point that it is bad for you.

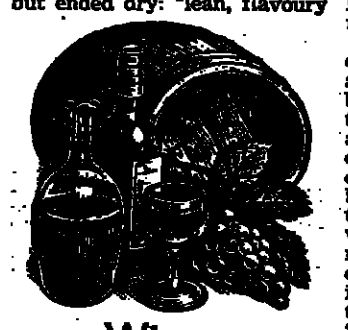
But TV programmers sniffing for the newsworthy are irresistibly drawn to the investigative pieces. And what better target than big food companies, with their PR departments dedicated to getting on TV as often as possible, and so always media-friendly by instinct? I think TV viewers have earned themselves some lovely, mouth-watering food coverage. I'll do it if somebody asks me.

But really, the most exciting bits for me are not the masters smoothly lording it among their huge ranges and professional pans, but the glimpses of foreign domesticity – of the time-honoured staples of various countries made at home in the kitchen by someone who learnt it from his or her mother.

OK, the stove looks a bit wobbly, the pan decidedly not shop-fresh: but when that Dutch yellow pea soup or that Portuguese fish stew is finally brought to table, I feel that television has earned its place in my home. Roll titles and fade to black.

Peter Fort

Fruity flavour ten years on



Wine

AFTER THE notorious 1972 vintage, 1977 was the worst claret year of that decade. At the end of March, and 10 days later at Easter, there were frosts and snow in Bordeaux. The early-budding Merlot grape was affected so severely that it produced only 25 per cent of the previous year's prolific crop. The vine flowering was late and irregular and the summer mostly cold and wet. At the beginning of September vintage prospects were dismal.

However, as often happens in the Gironde, a fine September and dry October saved the harvest, although it was so tardy in ripening that picking did not begin until October 10, one of the latest starts in recent years. Fortunately, the indifferent red wine crop was the smallest since 1971 and has been surpassed every year since. The young wine lacked body and fruit, was short in flavour, and was ignored generally by trade buyers and consumers.

Nevertheless, it was the first-growths of the 1977 claret that the usual party of six, including two Masters of Wine, drank at dinner after the traditional 10 years when a claret vintage might be expected to show its potential at classed-growth level. We were not very optimistic; but when the seven bottles were decanted, some of their bouquets seemed more fruity than we had expected.

The wines were tasted in the usual order on these occasions: Haut-Brion, Margaux, Lafite, Mouton-Rothschild, Latour, Cheval-Blanc and Petrus. Six is the ideal number for such a party, as this provides enough wine for a refresher before a vote is taken. The notes were all made at the table, my own mixed with those of the others.

Haut-Brion. More colour than expected although with a slightly watery rim. Opinions varied on the bouquet: "buckwheat" and "chocolate" were two comments. I found a touch of the typical Graves "brickiness," with a certain elegance. The flavour was undoubtedly light with some acidity at the end. It was agreed generally to have some quality, although short, and to be quite drinkable but not for keeping (this applied to all the others, too).

Margaux. When this vintage was being made the future of the property, owned for more than 50 years by the Ginestet family, was in doubt. The French government had turned down a financially favourable offer by the American National Distillers Company but later was to approve a takeover by Andre Mentzelopoulos, the Greek head of the Felix Potin grocery chain. The doubtful prospects of the vintage were not improved by these negotiations.

However, at the age of 10 this 1977 wine had more colour than the Haut-Brion: The nose was restrained at first but developed in the glass – comments included "fragile, fragrant" and "some life and intensity." It had more body than the Haut-Brion but ended dry: "lean, flavoury with some delicacy."

Lafite. This had a surprisingly deep colour for year and age, with a brown tinge. Elegant but "low-keyed" bouquet and a "rather dumb nose." The flavour was thin and attenuated and dried out quickly in the glass. An immature wine.

Mouton-Rothschild. Reasonably good colour, with some fruit on the nose and aromatic. More body than Lafite and agreeably soft as Mouton-Rothschild can be in spite of all its Cabernet-Sauvignon.

Latour. Typically deep Latour colour. An oaky, vanilla, fruity aroma that developed very well - comments included "rich, full and opulent," "surprisingly full flavour for the year, well-balanced and long," and "very ready to drink." Still some tannin and dryness. Enjoyed generally.

Cheval-Blanc. Medium colour, lovely mature nose and obviously chaptalised (an essential that year). The initial rather dry flavour developed very well in the glass – "slightly chocolatey, with good balance".

Petrus. When poured out first, this had been decanted about 90 minutes. The colour was full and big. At first sip several tasters described the nose as "chocolatey;" but then it turned woody and, after a few minutes in the glass, the wine clearly was corked. Such an occurrence is no one's fault although somewhat expensive even for 1977 Petrus; yet it is only fair to say that I had been given a few bottles by Christian Moueix, the co-proprietor who makes the wine.

Corked bottles are a great deal rarer than many suppose; and in this series of parties that began a dozen years ago with the 1964s (but skipped the 1968s and 1972s) this was the first occasion on which this had occurred. Unfortunately, the bottle could not be replaced at the table. But, a few days later, with my wife and a claret-experienced wine merchant, I opened a fresh bottle and drank it alongside another bottle of the Cheval-Blanc. My note read: "Good colour, full, flavoury nose, real Merlot softness and richness. Engaging flavour, surprisingly sweet for the vintage." My companions agreed.

The voting for the six sound wines at the dinner ran from one to six; so the smaller the total votes, the higher the placing. The ranking, with the votes in brackets, was: one, Latour, with five firsts out of six (seven); two, Cheval-Blanc (12); three, Haut-Brion, although two placed it fifth (21). Opinions varied about Mouton-Rothschild but the voting placed it fourth (24,) followed by Margaux (26) and Lafite, unanimously sixth and last (36).

Nevertheless, after tasting *the second bottle of Petrus* I would certainly have placed it first on sheer drinkability. It made the accompanying bottle of Cheval-Blanc seem somewhat austere. Certainly Petrus, Latour and Cheval-Blanc were the three wines for which little or no apology or explanation would be necessary before serving.

As on previous occasions a single bottle of each wine was drunk, other bottles might have produced different results. However, it could be said that the wines were better than expected. This perhaps reflects the high standards of wine-making and, above all, of selection that rule in the *cuviers* and *chais* of the *premiers crus* of Bordeaux.

Edmund Penning-Rowsell

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• BUSINESS BOOKS •

Chronicles of the crash and after

THE CRASH
by Mihir Bose. Bloomsbury. £13.95, 180 pages

INVESTORS around the world are locked in a phoney war. The stock market crash last October seemed to herald events of earth-shattering importance: graves yawning and yielding up their dead, lionesses whelping on the Capitol, and so forth. Yet today, everyone appears to have gone home.

Share prices, by and large, have stopped falling, and current valuations are not low by any standards except those of last summer, with yield and p/e ratios roughly in line with the long term averages. The markets are not discounting anything remotely like a 1930s-style economic slump.

But the mood is far from calm. Trading has dried up, cash balances are accumulating, and investors everywhere are holding their breath as they wait to discover whether the true message of the October crash has yet to be revealed.

First off the mark with a book on the subject is Mihir Bose, whose account provides a vivid picture of how the impact of Black Monday and Terrible Tuesday rippled around the world.

Although the author has not been able to take into account the official studies which have been published in the past few weeks, notably the Brady report and the bulky study by the Securities and Exchange Commission, he has captured most of the major themes of the narrative.

The one angle which does not receive proper emphasis is the scale of the credit risk which emerged, very nearly turning what was already a crisis in the securities industry into a major banking disaster.

The book is rich in colourful detail. It is enchanting to learn, for instance, that the Hong Kong stock exchange had 30 people working in the public relations office and only one official in its surveillance department. But its analysis of the broad economic background to the market setback is inevitably very rushed.

In essence, the rather inelegantly expressed message is that "deregulated global financial systems, run against a background of governments that believe in market-knows-best, just do not work". Bose believes that the events of the past year or two, in foreign exchange as well as securities trading, demonstrate that "markets need guidance, instruction, clear policy lines" and that if they do not get them, then financial and economic chaos is the sure result.

The scope for muddling through the current economic difficulties looks rather better than it did immediately after the crash

Unfortunately, he appears to have no idea of what form such policy initiatives might take, and he has few firm recommendations to offer apart from the repeated suggestion that international politicians should "get their act together".

All this is rather bad news. If the crash was the result of enormous economic imbalances which can only be corrected by big changes in economic policy around the world, then the markets could be due for another heavy clout around the head with a blunt instrument. After all, any policy changes since last October have been strictly marginal.

But this may well be too gloomy a view. Although the short term financial outlook remains highly uncertain, the scope for muddling through the current economic difficulties looks rather better than it did immediately after the crash. Much depends on how things develop in the US economy, and here there are some more hopeful signs.

Thus the current account deficit is narrowing both in dollar terms and as a proportion of GNP, and it looks as though the stock market shock has indeed taken some of the heat out of domestic demand.

Obviously there are all kinds of potential pitfalls, especially in the year of a US election with such an uncertain outcome. Yet it is at least possible that the necessary adjustment processes in the international economy are already getting under way, without the need for any big new initiatives on the part of the politicians.

Richard Lambert

Clues to what can go wrong

CASES IN CORPORATE FINANCE
by Dimson/Marsh. Wiley. £14.95, 412 pages

THE GAP between the theory and the practice of corporate finance is more difficult to explain than in other area of business management. There is, after all, more of a consensus in the business schools on the principles and, it might be assumed, fewer organisational obstacles to implementing them in the City and in the finance and treasury departments of larger companies.

The 27 case studies described in this book give some clues as to what is going wrong. They examine the corporate and external background to financial decisions up to the point at which a key decision is about to be made. The cases are mainly about large British companies in the period from the mid-70s to the mid-80s.

Many of the cases were well-publicised at the time the events unfolded and have subsequently become classics: the Commercial Union rights issue at the depths of the 1974 bear market, the collapse of Burmah Oil, the privatisation of British Telecom, the takeover battle for the Imperial Group won by Hanson Trust.

The extensive use of quotations from the financial press, stockbroking analysts and the participants gives a strong sense of the atmosphere. It also highlights their misconceptions, sometimes to an embarrassing extent. Thankfully, the financial press today has become a little more sophisticated.

But, more damning, are the misconceptions of the participants: the self-serving and confused arguments of the British Telecom management for having less debt in their balance sheet for its privatisation; the rationale produced by Sir Richard Cave for Thorn Electrical Industries' bid for EMI in 1979 with its assumption that vertical integration must mean synergy.

The cases are more readable and accessible than most of the output from business school finance departments, even though technical expositions often appear. The attempt, however, to apply journalist-novelist techniques produces some bizarre results.

Only a few of the cases reveal new and unpublished information about what was really going on inside the organisations during the crises that are described. The other disappointment is that the case histories, like soap operas, always end at a critical moment. For example, we do not discover what the reaction of the stock market is to the Thorn bid for EMI (it was in fact unfavourable) or whether and how Thorn won and whether the acquisition was successful in the long run (the stock market proved to be right).

The reason is that, despite the claims on the cover, the book is designed as a business school textbook rather, than to appeal to the general reader. It is assumed that knowing the outcome would influence the students' write-up of the cases, (although it would hardly be difficult for the enterprising student to discover the end results).

For this reason, too, the detailed financial analysis of the cases by the two authors is not generally available except to teachers. This is a frustrating restriction since the two authors, are among the most articulate exponents of business school efficient markets orthodoxy.

Clive Wolman

Time to go it alone

BEING THE BOSS, HOW TO MAKE A SUCCESS OF YOUR SMALL BUSINESS
by Stephen Fitz-Simon. Sheldon Press. £3.95, 112 pages.

MOST "How to succeed in business" books are written by people who have been visibly successful. So would you want to follow the advice of a man who is best remembered for his association with one of the more spectacular retailing flops of the past 20 years?

Stephen Fitz-Simon and his wife Barbara Hulanicki created Biba, the Kensington fashion boutique which for many captured the essence of the swinging, carefree 60s. When Biba moved into the massive former Derry and Toms store in Kensington High Street the magic began to fade and in 1975 the store was closed leaving losses of £1m.

The debacle left Ms Hulanicki and her husband blaming interference by the management of Dorothy Perkins, which had bought into Biba, though many customers felt the boutique formula did not work on a department store scale. Whatever the rights and wrongs were, the couple went on to build up a successful fashion business in Brazil and then, back in Britain, to launch a cosmetics business.

From these experiences Mr Fitz-Simon has distilled a book with its fair share of cynicism. But despite its occasional lapses into glibness it contains useful advice.

Mr Fitz-Simons' accounts of some of the technical aspects of doing business – his explanation of how bills of exchange work, for example – could be clearer but, for the most part, his style is easy and anecdotes of his Biba years add colour.

Starting up, he cautions, is not like the advertisements. "Time to go it alone, darling." may well be an excuse for a big night out but it had better not carry through to tomorrow lunchtime. Self-employment is a lonely existence and however much advice you receive, ultimately you can trust only your own judgement, he warns.

Working for yourself can change the attitudes of your bank manager, your family and even your child's headmaster, he cautions. He advises new starters to tell as few of their credit sources as possible of their new status.

Charles Batchelor

Appetite for a healthy lifestyle

FIT FOR BUSINESS
by Matthew Archer. Mercury Books. £10.95, 241 pages

THERE IS nothing more depressing than the keep-fit fanatic. Brain-numbed by hours of jogging, their conversation is filled with the properties of E-numbers and the dangers (or is it the benefits? I can never remember) of saturated fats.

Faced with yet another book on fitness, the average executive must be tempted to reach for a Mars bar and prepare for a career in Sumo wrestling. However, Matthew Archer's book is designed for people whose idea of working out is lifting a gin and tonic. It is full of sensible illustrations of how a modest change in routine can improve health and, in the long run, performance.

Mr Archer, who is a company director rather than a keep-fit expert, knows that expecting the daily commuter to turn into Daley Thompson is unrealistic. As he says in his introduction "The busy executive who must travel on business, eat working lunches with customers and attend seminars and receptions cannot fit the regime and schedule of the ascetic or Olympic athlete into his or her life".

Mr Archer points out that just walking up stairs, or cutting out puddings, can have some beneficial effect. He cautions strongly against the kind of "exercise binge" in which an unfit executive, in a flurry of guilt, embarks on a five set squash match.

The book also sensibly debunks some of the wilder theories about diets. "The evidence seems to be that specific diets are a waste of time or even dangerous," Archer says. "But cutting down on fats, sugar and salt appear to be good general rules."

Fit for Business contains much advice that is merely common sense but at least it is, as the slogan goes, a book you can read between meals without ruining your conversation.

Philip Coggan

Deadly losses

HOW TO MAKE A KILLING IN NEW ISSUES
by Michael Walters. Sidgwick & Jackson. £5.95, 84 pages

ONE WOULD think after the crash in the stock markets last year that it was time for books about making a killing in shares to stop.

But not a bit of it. Michael Walters, modestly billed as "Fleet Street's top share tipster" (he is deputy city editor of the Daily Mail) has already stunned us with books on how to make a killing in the stock market and from penny shares.

Now he is back in typical hard-hitting form telling us that new issues are virtually a licence to print money.

Admittedly he is a bit more cautious this time, giving a lot more warnings that you might conceivably lose money. But even the Great Crash of '87, as he calls it, is used to strike an optimistic note . . . "good times will come again" . . . and "new issues are going to be cheaper, better value . . ."

It is all rather scary. Particularly when the chapter on the "joys of stagging" elaborately explains that if you "gear up" by borrowing then you can make a lot more money if the new issue turns out to be a success. There is a cautionary rider on the "borrowing trap", in the unlikely event of the issue not fulfilling your wildest dreams. But the firm impression given is that only dull, silly, people are caught by it.

However, if you can disregard all the dangerous rhetoric, there is some useful background information. The popular journalistic style lends itself well to the putting over of complicated financial matters, making them comprehensible to almost everybody.

Nevertheless, it remains dangerous reading for the novice, who might well end up at the wrong end of a killing.

John Edwards

Francis King on Philip Toynbee's questing autobiography

A stormy spiritual voyage

END OF A JOURNEY: AN AUTOBIOGRAPHICAL JOURNAL 1979-1981
by Philip Toynbee. Bloomsbury, 422 pages, £25.00

IN HER often mocking but always affectionate memoir of Philip Toynbee, *Faces of Philip*, Jessica Mitford wrote: "Philip's religious conversion must be, by any reckoning, one of the oddest – and most unlikely – in ecumenical history." During that period of youth and early middle-age when over-indulgence in drink frequently resulted in his either passing out over other people's dinner-tables or, even less appealingly, being sick over other people's carpets, his attitude to religion was one not so much of the indifference displayed by so many of his friends as of blasphemous hostility. Then, suddenly, in the decade before his death, he came to the conclusion that "for no special reason that I was able to detect, I too believed in God."

If he himself could detect no special reason for this conversion, others may be tempted to do so. When, in 1977, he began the composition of the volume of journal entries, *Part of a Journey*, of which this present volume is the sequel, it was after he had, in effect, fled from the "ecological community" which, against the wishes of his American second wife and against the advice of many of his friends, he had set up some nine months before in their house in Monmouthshire. Through experiences farcical in their retelling but devastating at the time, he had learned the harsh truth that to preach the good life and the good society is far easier than to realise them.

In addition to this disappointment, there was also the disappointment of his inability to achieve publication, in its final, complete form, of his twelve-volume epic *Pantaloon*. He himself, injudiciously encouraged by friends kind only to be cruel, believed this to be a masterpiece. But the fatal flaw of this verse *Dance to the Music of Time* was that its author had no natural aptitude for verse. A heavy-weight boxer might as convincingly have tried to be a ballet-dancer.

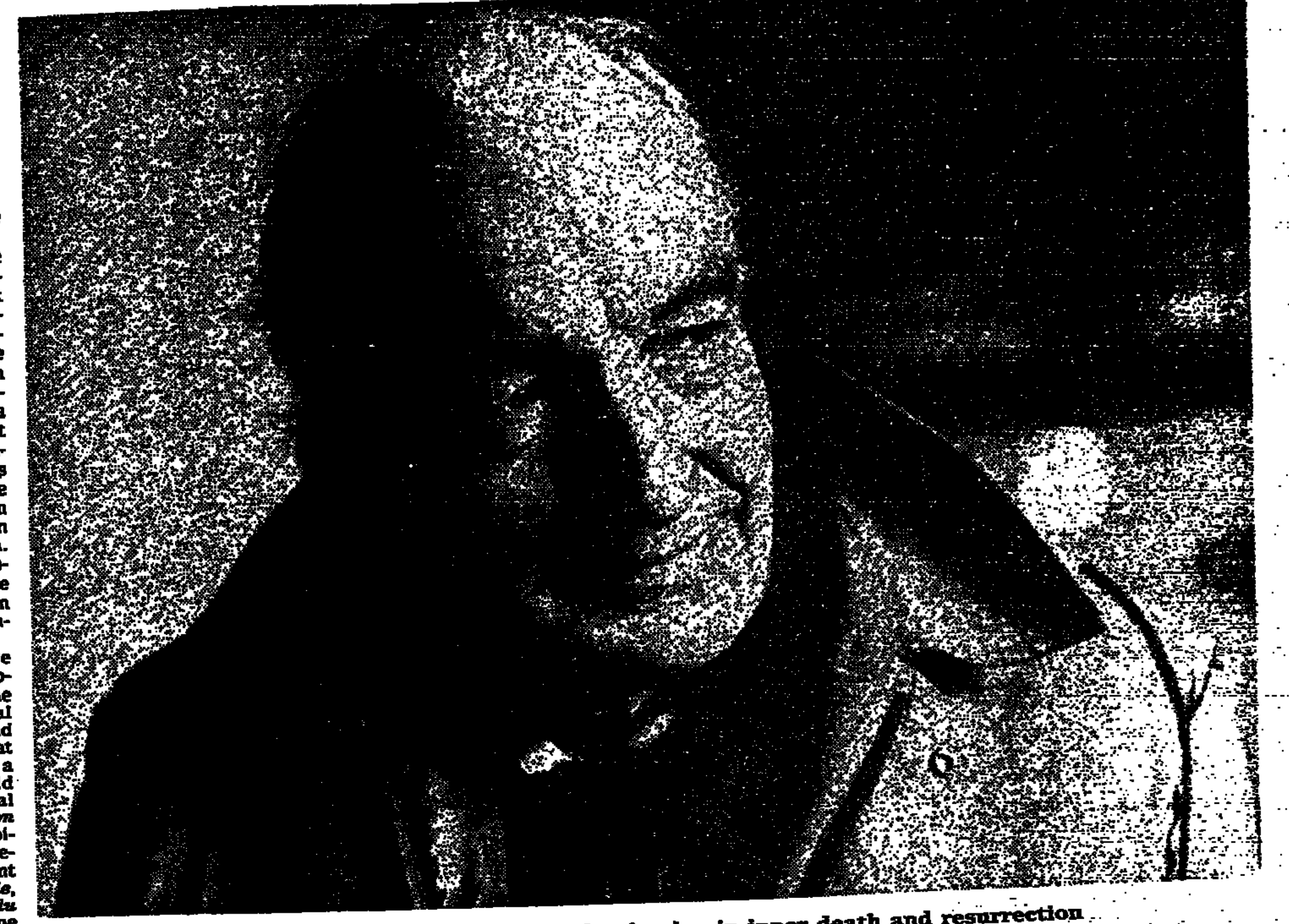
There followed a descent into clinical depression, culminating in a course of ECT. From then on, this once gregarious man became increasingly reclusive, so that after the weekend visit even of friends as much loved as Patrick Leigh-Fermor and his wife, he would write of seeing them "drive away at last with a sense of melting relief" and of then "retreating instantly to bed and a day's collapse."

May not the recourse to God and the Holy Mother have derived from the same disappointment and anguish as the recourse to alcohol and tranquillisers? There were friends of his who thought so. There were even moments when he himself suspected so – "Perhaps my whole 'journey' has been to find a God who will be an adequate beer-substitute," runs one entry. But for most of the time he genuinely believed that God had sent him his afflictions in order to demonstrate to him that (as he put it) "the dark block within can be dissolved only by recognising that something like an inner death and resurrection is demanded of the sufferer."

His attempts to achieve that inner death and resurrection is the subject of this volume even more than of its predecessor. Except when he yet again has to mount the treadmill of Sunday reviewing, he seldom reads any book not concerned in some way with God and religion. During the long nights of restlessly intermittent sleep, he works through an extraordinary spectrum of authors, from Jung to Dame Julian of Norwich, from Pascal to Isherwood, and from Mary Kenny (of whom he approves) to Soren Kierkegaard (of whom, "whining, vicious and paranoiac", he does not).

Even for non-believers he almost always has some interesting comment. The paradox here – as he himself was poignantly aware – is that in seeking to lose himself in God, he spent so much time each day in brooding on self. Often one suspects that, as in the case of a hypochondriac refusing to let himself be distracted by the illnesses of others, Toynbee's extreme reluctance to receive even old friends derived from this unremitting concentration on his own spiritual health. "How on earth," he asks himself at one moment, "can we ever squeeze ourselves out from a constant weight of self-concern? God alone knows."

The last and most impressive quarter of the book was produced when he knew that he was suffering from terminal cancer. After all the frantic and frequently frustrated efforts at Holy Living, he achieved a truly Holy Dying. I should guess that Toynbee's final memorial will be not *Pantaloon* – which, with vaulting ambition, he conceived as "something like a modern equivalent of *Don Quixote*, *The Prelude*, *Faust* and *A La Recherche du Temps Perdu*" – but this fine volume and its even finer predecessor.



Philip Toynbee: he believed that salvation lay in inner death and resurrection

Fiction

Right on the ball

THE CATACOMB
by Brian Glanville. Hodder and Stoughton, £11.95, 352 pages.

NO TELEPHONE TO HEAVEN
by Michelle Cliff. Methuen, £19.95, 211 pages.

THE QUADE INHERITANCE
by Barbara Ker Wilson. Secker and Warburg, £10.95, 316 pages.

THE SNAKE TREE
by Uwe Timm. Translated from the German by Peter Tegel. Picador, Pan Books, £11.95, 281 pages.

HOKUSAI'S WAVE
by Kenneth Graham. Chatto and Windus, £11.95, 192 pages.

BRIAN GLANVILLE is mostly known as the best – or "only" – British football correspondent. But he is also a serious novelist, and one underrated by critics. In his 22 works of fiction (not counting two for children), he has proved a worthy successor to Ring Lardner, his acknowledged master.

He is also, like Lardner, a notable adept in writing colloquial first-person narrative. The strongest influence on him, apart from Lardner, was probably the Italian "neo-realistic" novel: it has been said that he writes about Italy – with which he has had a love-hate affair since his youth – "very much as contemporary Italians do."

So it is appropriate that his 17th novel should be set, for the most part, in Italy, and that it should take the nature of the relationship between Italy and Great Britain as its underlying theme. Glanville mixes fact with fiction in this laconic thriller about an English historian's quest for the terrorist murderers of his Italian wife: Calvi and Gelli are characters in *The Catacomb*. Counterpointed with the contemporary story is an account of the paradoxical 16th century adventurer John Hawkswood, whose life is being researched by the protagonist. Sometimes *The Catacomb* is a bit obvious, its plot now rather stereotyped; but it is always capable, thoughtful and efficiently written.

The lurid *No Telephone to Heaven* comes from a Jamaican-born giver of workshops on racism and feminism, and is correspondingly fierce. Indeed, the protagonist is called Clare Savage. It is vividly and passionately written, although whether the theme of "sexual dividedness" is as deeply felt as it is thought is open to question. All the author's considerable learning, on subjects as far apart as the folkways of her native Jamaica and classical mythology, is harnessed to a task more theoretical than, so to say, experienced. Yet no reader could fail to absorb a great deal about the history of Jamaica from this tale of a light-skinned woman in search of her identity – and it is an agreeable way to do it. There is a useful glossary of Jamaican slang terms. Michelle Cliff, who is never less than a vivid writer, is at her most convincing when she is closest to the spirit of Derek Wolcott, the Caribbean poet from whose work she frequently quotes.

The Quade Inheritance, from Barbara Ker Wilson, author of the successful *Jane Austen in Australia*, is disappointing. Whereas its predecessor was genuinely clever and at the least enjoyable, *The Quade Inheritance* is an inherently feeble pastiche of ladies' golf-club Gothic, clearly derived from Catherine Cookson as from a dozen others less adept. But its use of cliché is bold, competent and unashamed, and it will appeal to devotees of this kind of fiction.

The Snake Tree, very well translated from Uwe Timm's 1986 novel by Peter Tegel, makes use of similarly sensational material, but on an altogether higher level. Wagner, a Hamburg engineer, is sent to the Latin-American jungle to construct a paper factory. But on his way to the site he crushes a snake sacred to the tribe to which the workers belong. Yet again, a plot almost stereotyped today; but Uwe Timm handles it with insight and imagination.

Some of the blurb for the first novel of Kenneth Graham, professor of English at Sheffield University, is a trifle inconsiderate: "has the distinction of being the first unsolicited manuscript to be picked unhesitatingly from the manuscript mountains. . . ." Unhesitatingly? Are stochastic processes now beginning to affect publishing practice?

If so, chance was largely on the side of the reader upon this happy occasion. It is very much of a professor's novel, brooding with symbols, art festivals (two), and drunken Australian poets (more drunk than poet in this instance, one guesses – whom can he possibly mean ?) By David Lodge out of Wilson Harris, *Hokusai's Wave* is smoothly and entertainingly done, and may be recommended for an academic vacation that is planned as determinedly chequered.

Martin Seymour-Smith

Mama Africa and the queen of folk

MAKEBA – MY STORY.
By Miriam Makeba with James Hall. Bloomsbury, £13.95, 249 pages.

A VOICE TO SING WITH.
By Joan Baez. Century, £12.95, 380 pages.

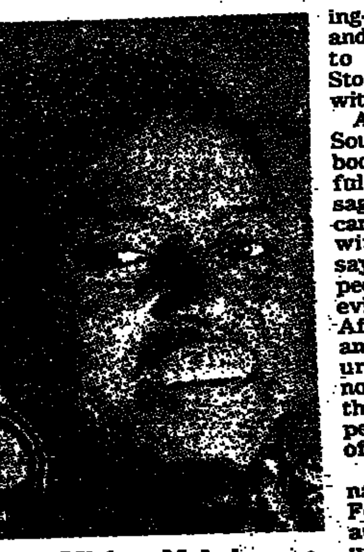
MIRIAM MAKEBA'S autobiography describes the survival of an artist tested repeatedly, at times intolerably, by some of the fiercest personal trials life has to offer. Poverty, imprisonment unjust but legally licensed, first-hand experience of urban violence, exile, severe illness, and the deaths of loved ones stud her narrative.

Inextricably entwined into these episodes – and this is what gives the book its extraordinary power and richness – is a record of artistic self-discovery and development, of fame that grew to international dimensions, of a single singer's coming to stand as a figurehead not just for the musical culture of her native land but for that of an entire continent. In this case the sobriquet Mama Africa is no publicist's convenient tag.

As someone brought up in postwar white Johannesburg at a time when Makeba was taking her first fraught career steps, and whose childhood was steeped in the sound of her early records, I ought to state that I found parts of *Makeba – My Story* almost unbearably moving; but it is not necessary to share anything of the singer's background to respond to the larger sense or the fine detail of her saga. This is a dignified book, characterized for the most part by its restraint and simplicity of expression, written with surprisingly unarty and personal effect in the historic present tense, and told in a tone of voice that one quickly accepts as Makeba's own – the mark of an unusually succesful collaboration with a "ghost".

The trappings, in all senses, of apartheid provide its leitmotiv, from the earliest memories (as an 18-month-old she spent six months in a Johannesburg jail with her mother, who had been arrested for keeping a cornmeal beer still) to the book's final pages (after the death of her only child, in 1985, she received a message of condolence from the imprisoned Nelson Mandela.)

As a picture of a growing-up period spent coping with the hydra-headed rigours of the imposed political system – and particularly those of the pass laws, which showed almost every urban black the inside of a jail for some short period or other – the early chapters of this book compare in horrifying copiousness of informative detail with Mark Mathabane's recent *Kaffir Boy*. And the miseries are by no means confined to the Soweto days. One of the saddest passages records the moment, not long after the Sharpeville horrors two decades ago, when the now-world-famous but desperately homesick Makeba went to the South African consulate in New York to have her passport renewed, and watched it being permanently invalidated. The hurts of exile, to an artist whose roots into her native soil still go painfully deep, make harrowing reading. She is honoured all over Africa, and has come to rest in Guinea; but she still wants to go home.



Miriam Makeba

But it is by no means all Soweto blues. Makeba exults in the joys of music, the incredibly rich inheritance of black South African music, folk and pop, even when those riches spring from the bitterest hardship. (On Makeba's magnificent new record, *Sangoma*, one of the most joyous songs is *that* of prisoners just released from jail and prefiguring the pleasures of home.) Music – Sunday school choirs, 78s of Ella Fitzgerald and Billie Holiday – found her young, and exposed in her a quite special gift of sweetness, vitality, generosity and pathos.

The early days as an associate of the Manhattan Brothers, perhaps the most celebrated singing group of the many that flourished in the townships in the 1950s, offer some bittersweet comic memories – of performing at gunpoint for Alexandra gangsters late one night (they wanted to hear one favourite song, over and over again), and also for two Afrikaans policemen by the side of a main highway. The misjudgments and misfortunes of her private life, such as the drying-up of her career in America and Europe after her marriage to the Black Power leader Stokely Carmichael, are relayed without hand-wringing.

And always it is music and South Africa that provide the book's refrains: harsh, beautiful ones, nobly borne. The message that they now inescapably carry has been accrued entirely without agitprop. When she says, "My voice is heard by the people when I speak about the evils that are strangling South Africa. Every day there is more and more to say – there is more urgency and more tragedy", no-one can doubt the hardships that have given the voice its peculiar power and resonance of address.

By coincidence another internationally celebrated Queen of Folk has just published her autobiography. It is probably unfair to Joan Baez to read the two together, as I did, for the comparisons that must inevitably be made between them work terribly to her disadvantage.

No-one who remembers with nostalgia the time, in the early 1960s, when her high soprano, not classically schooled but of exceptional tact, delicacy, and purity of utterance, was first heard above guitar accompaniments singing "Barbara Allen" or "Plaisir d'amour", will begrudge her a special place in the postwar folk revival. As a "moral leader" – a position naturally open to a sandalled folk-singer who took a leading part in every anti-war movement of the 60s and 70s – her position has been less compromised by political bias than that of others. She has seen, and protested about, evil on all sides; she has campaigned for Good Causes in ways modest as well as visible.

But there is an indigestibly large amount of Love-and-Peace goo and gush in her unfolding of what is at root a not-very-interesting life story. It is padded out with chapters of love-messages to her son, sisters (one of them is "my squaw sister"), and father: prose-poetastery that reads like the equivalent of stepping through vats of treacle. Curious and fascinating sidelights on the singer's character – her neurotic illnesses, problems with food, mid-life difficulties with voice and career, inability to form lasting relationships, high-handed "princess" manners – are allowed to peek through, but without sufficiently diluting the sugar content.

In the end I suspect that, even without the prior example of Makeba's forged-in-the-fire life story, I should probably have finished reading this autobiography still wondering why it needed to be written.

Max Loppert

Merseyside's Nowhere Man

INSIDE LEFT: THE STORY SO FAR
by Derek Hatton. Bloomsbury, £3.95, 174 pages.

DEREK HATTON, the man who made his name as a Militant Liverpool Councillor, was at the same school in the city as Paul McCartney, the Beatle. Hatton hated school. He also says he hated art. One day he was given a detention which took place in the art room. There he found McCartney already installed, doing extra work. McCartney, however, was there not because he had been detained but because he enjoyed art for its own sake.

The story is told because it helps to illustrate that there is a difference between the two men. Hatton likes to present himself nowadays – indeed it is a large part of the purpose of this book – as someone who stemmed essentially from the Merseyside tradition of football players, pop stars and other entertainers. And there is something in this. Hatton can be a very entertaining, amusing man with star quality.

There is also a tough side – the Hatton who was accused of creating his own army of supporters and rigging the council posts he controlled.

Not that he goes to great lengths to conceal it. The book is the story of what he regards as Liverpool's betrayal by the Labour Party. Hatton never denies that he was and remains a member of the Militant Tendency and that it should be used to direct the Party. For a while in Liverpool it was remarkably successful, at least in terms of mobilising political support. The crash came when the council ran out of money and sought to act illegally.

Unsurprisingly, Hatton savages the leadership of Neil Kinnock since it was Kinnock who led the move to expel him from the official labour movement. He is also contemptuous of the fringe left groups that seek to operate outside the Party. The sharpest attacks, however, are reserved for what is now known as the soft left.

It would be good to know which is the true version of the following story. Hatton says that he lost his temper with Margaret Hodge, the leader of the Islington Council, and very much on the left. "If you don't like the heat," he yelled, "you should get out of the kitchen." Blunkett claims that what Hatton actually said was: "You should go back to the kitchen" – not the old quotation from President Truman, but an altogether sexist remark.

One suspects it was the latter. Hatton has great charm, but not all the time. Where one blames the Labour Party, not Hatton, is in allowing Liverpool and its own organisation to fall into such a a mess in the first place.

Malcolm Rutherford

Making mock of madness

WHITE BOY RUNNING
by Christopher Hope. Secker & Warburg, £10.95, 273 pages.

THERE CAN never have been a madder, more dislocated society than South Africa today. Probably there is only one way to lambast the lunacy daily being perpetrated there and that is with the bitterest humour. Christopher Hope (no relation) has always seemed to me in his fiction to have hit exactly the right note of cold poetic irony to expose the systematic dottiness of Verwoerd's legacy. The edifice of apartheid is, like the lunatic construct of a certain kind of clinically manic mind, totally logical and convincing, worked out in obsessive, organisational detail, apparently rational, until the original vital stone is removed, examined and found to be made of straw.

It is not an encouraging story and he has no comforting conclusions. He visited the country during the run-up to the 1986 election, when there was a great deal of misguided excitement about the defection of Dr Denis Worrall and two independent colleagues from National Party rank. Hope, like others visiting from abroad, was less convinced than many cloistered South Africans, that there was much cause for optimism. The outsiders were right, but no-one foresaw the astonishing swing to the Right which knocked the Progressive Federal Party off its perch as the official opposition and led to PW Botha being derided by the Right and lauded by the Nats as an architect of reform – surely one of the better bad jokes of history, of which Hope makes great play.

But this is not a political book; indeed, the author despairs of both rightist and liberal politics and, like others before him, points up the tragedy of a society where the first reaction in times of trouble is to turn snarling on one's allies.

The book shows some signs of haste: an outpouring marred by unnecessary repetitiousness and too many over-extended and ill-judged false metaphors. One of the wittiest of writers, Hope could have benefitted from a sterner editor. There is nothing at all wrong with cruel jokes about South Africa; weak ones won't do. But this is to carp. Hope comes closer to explaining to an outsider what the mood of South Africa is actually like than anyone for a long time. He has the same savagely ironic eye for the criminal absurdities of the system that Joseph Lelyweld displayed a couple of years ago in *Move Your Shadow*, which will remain a classic text. But because Hope is, whether he likes it or not, South African, he has more licence for a deeper bitterness and gloom. He understands, however, that some things are barely approachable without the mediation of fiction: "it was as if the place was so absurd, so incredible, so terrifyingly funny that it was only by putting it into story form that you could believe in it." I believe that in any of his fiction he gets closer to the bone than he does here: his natural mode is imaginative.

The only implicit element of hope is when he writes of black people: from the barbers who plied (and still ply) their trade under the gum trees in the parks of his childhood to the stimulating discussions in Soweto about his book *The Hottentot Room*. One feels that he is straining, sentimentally perhaps, towards a different way of accepting the land of his birth.

It would be convenient to dismiss the whole dismal edifice of South African society as a tale told by an idiot, signifying nothing. The trouble is, and here I would take issue with Christopher Hope's pessimism, that it also signifies misery, poverty, oppression, torture and death for many, many people. In the face of that fact one must respect and support the comparatively small, but increasing, number of brave and decent pople there who believe that the only answer to madness is not to try to rearrange the political deckchairs on the Titanic but to work towards infrastructures, legal, medical, educational, trade union, that may just survive, even if only as ideas, whatever cataclysms come to pass. Hope is right to be pessimistic about white liberal political action. Maybe the role for the white liberals, whose country it also is, should be to get out of politics altogether and leave the ring clear for the Big Fight. They will be needed to man the field dressing stations.

Mary Hope

Martin Hoyle visits two Manchester theatres

Sins of the fathers . .

IF THE mother/son relationship has inspired powerful scenes in the English theatre from *Hamlet* to *The Vortex*, American drama is full of great father/son confrontations, from *Long Day's Journey into Night* to *Cat on a Hot Tin Roof*, taking in the lacerating weals dealt out in baffled love and disillusionment in Arthur Miller's *All My Sons*, currently revived at Manchester's Royal Exchange Theatre. Gregory Hersov's taut direction evokes notable playing from a uniformly strong cast and avoids the melodrama lurking in Miller's writing, while prompting controlled and therefore shocking outbursts of passion unusual in English acting.

As in *Oedipus*, we know the outcome in advance. The fascination lies in watching the story unwind inexorably round the helpless characters.

Joe Keller prospers in post-war small-town America. His business partner is in jail, taking the rap for the faulty aircraft parts sanctioned by Joe which killed over 20 pilots. Joe's wife mourns their elder son, lost in the war, but refuses to admit his death despite the growing attraction between the dead boy's fiancée and his younger brother. In the midwest, as in Thebes, the truth emerges in an inevitable series of revelations that shatter the family. "Certain things have to be, certain things can never be," states the mother, unconsciously defining their inescapable destiny.

The self-made Joe's rough-edged geniality is in the hands of John Thaw whose brusque coppers are a triumph of television acting (which consists of knowing what *not* to do). He has the measure of Joe's bearishness but not his charm. Mr Thaw always looks as if he could terminate any argument by thumping you – which does not, of course, preclude a growing moral awareness. He bellows out his philosophy – "It's dollars and cents, nickels and dimes" – when challenged by his idealistic son, like a cornered bull: the archetypal complaint of the old generation that worked so that the younger can afford the luxury of principles.

Lynn Farleigh, rather young to be mother to adult sons, begins as too muted but, like the whole company, rises magnificently to protective fury or tragic desolation, and almost papers the cracks in the author's inconsistent characterisation. Michael Maloney is similarly gentle, which makes his plunge into violence against his father all the more striking. The principal quartet is completed by the dead man's fiancée. Joanna Foster is perfect: fresh, buoyant, intelligent and sensitive, she surely deserves a better crack at the National than *The Threepenny Opera* afforded her. Special mention, too, for Jonathan Barlow's unexaggerated rage and cynicism as the jailed partner's embittered son.

Michael Holt's Rockwell-inspired set of garden and porch (real grass) extends to a gabled façade that even encloses a slightly sheepish section of the audience. For all its occasional contrivance, its dangerous tightrope act between the naturalistic and the overwrought, the play still grips and moves.

★

There are two plays uneasily entwined in Kevin Fegan's first stage work at Manchester's enterprising Contact Theatre. The first portrays the insidious effect of the ever-stalking past on the sons of Erin, a past here embodied by the mythic Ulster hero Cuchulain (Fabian Cartwright, brick-red and leather-clad, resembling the last of the Mohicans) who materialises in 1951, dismayed to find his descendant, young Sean, building roads in hated England. The old ghost mainfests himself as a cousin or, invisible, a malign Puck, sows discord and pours the stuff of violence into Sean's ear.

The second half opens 30-odd years later with the baptism of Sean's grandchild. Here is the germ of another play: the conflict between generations – Sean obsessed by the indivisibility of faith, flag and family, and his Lancashire-accented sons, variously endorsing or sceptical about the cult of an Ireland that the younger has never even visited.

Neither play works entirely. The arbitrary appearance of Sean's ready-made family (plus a stout-swigging mother) is a jolt. And there is a moral ambivalence about the hollow-eyed spectre of Irish history. He is finally routed not by argument but by the fatal stroke sustained by Sean's mother on seeing her son in IRA uniform (Fiona Keogh, right out of an O'Casey tenement), and by his pragmatic wife's reluctance to leave the good life of Manchester (a strong performance from Kate Layden) for the Ireland she left years ago.

Current problems are seen in terms of a British occupation – the usual simplification that ignores the rights and convictions of that community which for nearly four centuries has imprinted its moral, social and religious values on the northern counties and actually did the fighting to expel Britain's last despot. Still, in a superficial way there is fun watching the navvies diddle the system in England and eavesdropping on the club run by a cheerily business-like priest: "This is a Catholic club, not a bloody charity – boys, are you drinking or sheltering from the rain?" And there is a salutary reminder of how the Provos won support when the official IRA stood for "I ran away" and only the British army, of all things, protected the Catholics from the fervent Prods.

Mike Arron

Lynn Farleigh and John Thaw in "All My Sons"

Kate Burnett's design can slide the stage forward in slabs to provide the navvies' trenches, or back to make space for pub or church. Anthony Clark's direction is ingenious and spirited. Billy Clarke's little Sean tries to reconcile sweet-natured simplicity with murderous patriotism, but the character is as split as Ireland itself. Perhaps the mother's remark that "where there's Christian Irishmen there'll always be fighting" is as true as it was when Dermot of Leinster asked Richard de Clare for help 800 years ago, and will remain so long after the British have *departed*.

Records

Born in the USA

Babbitt: Piano Concerto: The Head of the Bed. Feinberg, American Composers Orchestra/Wuorinen. Bettina, Parnassus/Korf. New World NW 346-2
Lieberson: Piano Concerto. Serkin, Boston Symphony/Ozawa. New World NW325-2
Crumb: A Haunted Landscape; **Schuman:** Three Colloquies. New York Philharmonic/Weisberg; Mehta. New World NW326-2
Harris: Symphony no.3; **Schuman:** Symphony no. 3. New York Philharmonic/Bernstein. Deutsche Grammophon 419 780-2

THE SPLENDIDLY comprehensive entry on Milton Babbitt in the New Grove Dictionary of American Music describes him as "one of the most influential composers and teachers in the USA since World War II." Certainly there is no doubt of the respect in which he and his music are held, but on this side of the Atlantic at least, performances of his works, and recordings of them, are relatively rare. The coupling released as part of the *Recorded Anthology of American Music* on New World Records (distributed in the UK by Conifer) offers two substantial and more or less approachable pieces from the 1980s.

Approachable, that is, on a physical, rather than intellectual level, for the fierceness of Babbitt's musical invention (one almost wrote invective) remains as forbidding as ever. The 1981 setting of John Hollander's *The Head of the Bed* – fifteen, 15-line poems which offer a fleetingly impressionistic vision of a journey, a quest the poet suggests, from day into night – dispatches its texts with maximum efficiency and speed and leaves a trail of structural and textural correspondences in its wake. Similarly the Piano Concerto (1985) generates some enthralling sound-complexes, exhilarating juxtapositions of solo histrionics and orchestral layering, but consistently resists the temptation to lay down structural signposts or offer anything that might ease a listener's plight. One is left to trust to the assurance of the writing, and to the clear commitment that Babbitt self- evidently inspires in his performers, and especially his soloists: Alan Feinberg in the concerto, the soprano Judith Bettina in the songcycle.

The Piano Concerto by Peter Lieberson is equally fascinating, but altogether more immediately approachable. The transfer of this performance to compact disc is very welcome, for it makes available in this country a work that seems to me one of the finest to have emerged from the USA in recent years, presented in an account by Peter Serkin that in its grasp of idiom and expressive range seems quite definitive. Though he began his career as an uncompromising modernist, Lieberson's language in this work, completed in 1983, is most accurately defined as neo-romantic; its harmonies are rich and tonally-based, and its approach to the concerto form is broadly that of a Brahmsian opposition between soloist and orchestra. Its inspiration is Zen Buddhism, and the three-movement form is designed to correspond to the Buddhist notions of Earth, Man and Heaven respectively, charting a progress from dense introspection at the opening to ecstatic transcendence at the close. Without any knowledge of the programme, however, it remains a totally compelling work, and one which must surely receive a public performance in this country before too long.

There are few problems of comprehension either in George Crumb's *A Haunted Landscape*, commissioned by the New York Philharmonic in 1984. The idiom is the familiar artful Crumb mixture of saccharine sentimentality and fastidiously imagined textures, in which a prodigious range of percussion is exploited. And as usual the structure is one of intuitive association – the piece hangs together on the strength of its poetic imagery. It's paired with William Schuman's 1979 *Three Colloquies for Horn and Orchestra*, which in its clear-cut neo-classical design and lucid thematic working makes a good counterpoint to Crumb's nebulous invention. *The Colloquies* does not quite constitute a concerto in the conventional sense – there is relatively limited opportunity for the horn to show off its abilities, though the solo writing is demanding enough.

The youthful side of Schuman's musical personality is explored in his Third Symphony (1941), which takes up the bulk of Leonard Bernstein's disc with the New York Philharmonic of performances recorded at public concerts in Avery Fisher Hall in 1985. It's a rangy, slightly raw-edged piece, a sequence of Passacaglia and Fugue, Chorale and Toccata, brightly scored and defiantly melodic, and revealing the influence of the other work on Bernstein's disc, the Third Symphony of Roy Harris. Hailed when it appeared in 1939 as the Great American Symphony, Harris's Third retains a good deal of its effectiveness – an unbroken 18-minute span in which Boulanger-style neoclassicism is wedded to gestures of Sibelian directness. Bernstein's account maintains its powerful coherence with unswerving authority, making a convincing case for the work to be regarded as something far more than a between-the-wars period piece.

Andrew Clements

Sights & sites in New York

IN CONTRAST to other museums and galleries that attract the public with new wings and blockbuster shows, the Frick Collection has always represented a quiet centre where masterpieces, like old friends, can be depended on to maintain their familiar positions in the ornate rooms of the limestone mansion on Fifth Avenue that the steel industrialist, Henry Clay Frick, bequeathed to the public. After Frick's widow's death in 1931, the architect John Russell Pope made some changes to the original 1914 house, designed by Carrère & Hastings, and in so doing, he created one of the city's most enchanting interiors, a sunken Garden Court with raised limestone loggias and a central oval pool and fountain.

The major attraction at the Frick is its own collection of artworks and choice decorative furnishings ranging from the 13th to the late 19th centuries. But recently there has been an important change. Last June, the Frick appointed Charles Ryskamp as its new director following his long stewardship of the Pierpont Morgan library, and one of Mr Ryskamp's first chores is to oversee the renovation of the two Pope galleries, where the Whistler portraits hang. Not wishing to deprive the public of the paintings in the interim, Mr Ryskamp made the inspired decision to hang these particular works on the limestone walls of the Garden Court loggias, thereby creating the best small temporary exhibition in New York (until mid-spring).

The expression "to see in a new light" takes on additional meaning here as one views Claude Lorrain's landscape *The Sermon on the Mount* placed against the soft gray limestone of the end wall and framed by a double pair of Ionic columns. With daylight from above and old-fashioned picture lights, these canvasses glow with fresh details that appear revealed as if for the first time. Corot's mottled sky and points of color in *Ville d'Avray* and Turner's rough seas in *Antwerp* both profit by the new setting. Across the court in a sequence which begins with Manet's *The Bullfight*, one observes how equally fine the new perspectives are for Goya's *The Duke of Osuna*, Greuze's *The Wool Winder* and Gainsborough's *Mrs Baker*.

★

Another reason to visit the Frick now is to see the sequel to the major Fragonard exhibition, which has just arrived at the Metropolitan Museum of Art and was enthusiastically reviewed on this page by William Packer when it opened in Paris last fall (until May 8). As the whole middle section of the exhibition catalogue deals with 14 pivotal canvasses mounted permanently in the Frick's Fragonard Room (under the general title of *The Progress of Love*), even the Metropolitan directs viewers to the Frick to see these panels, which were commissioned in 1771 by Madame du Barry for her new pavilion at Louveciennes.

Having first seen the Fragonard exhibition in Paris, I must comment that the Metropolitan's installation has made a completely new show of it. Rather than simply lining up the paintings and drawings along opposing walls, the Met's curator Katherine Baetjer has developed the organic relationship and balance between the paintings and the drawings by alternating galleries for drawings mounted on long horizontal panels of brown or dark green velvet. Designer David Harvey's bold arrangement of a suite of interlinking galleries has created a small handsome museum within the precincts of the Met. One sees the Fragonards in a setting that does each one justice.

★

In New York, the turn-of-the-century architectural firm of McKim, Mead & White is referred to as an entity comparable to Lutyens in Britan – but the name does in fact represent three separate and equally formidable architects of the Beaux-Arts persuasion. The difference is made clear in a small but immensely enticing and scholarly exhibition called "Stanford White's New York," the first for a new gallery at the New York School of Interior Design (until March 11). In two rooms suggesting the intimate size of the Heinz Gallery in London, the curator David Garrard Lowe has mounted well over 100 exhibits including vintage photographs, original sketches, and decorative elements of the buildings themselves to document the career of Stanford

Garden Court at the Frick Collection with Claude Lorraine's "The Sermon on the Mount" at the far end

White, which began in Boston in 1874 and ended prematurely in 1906 on the rooftop of his own Madison Square Garden, where he was murdered by a jealous husband.

In a way no book can do, the visual exhibits convey the man and his talent by showing the rooms where he lived (heavily ornate with antlers galore) and the buildings of the Italian Renaissance and classical Rome that were his major inspiration. Whether it was a public monument, like the triumphal arch at Washington Square (after the Arch of Titus in Rome), or a private home, like the still existing Joseph Pulitzer House on East 73rd Street, he was aware of how to make the old patterns fit the new graceful buildings which brought New York out of its Victorian brownstone period into its gleaming limestone and marble age.

★

When John C. Wenrich completed his utopian-like architectural sketches of the proposed Rockefeller Center in the 1930s, New York seemed to be optimistically on the brink of a New World, and no site in the completed complex demonstrated this idea more than the romantic, sophisticated supper club on the 65th floor of the RCA Building. The Rainbow Room – so called for the muted shades of colour projected onto the domed ceiling and its crystal chandelier – was literally on top of the new glittering world, for as one sat by the 2-storey windows, all of New York and the bridges over the rivers were laid out beyond the parapets.

First opened in 1934, the Rainbow Room was recently reopened at the New Year, completely refurbished under the guidance of restoration architect Hugh Hardy, designer Milton Glaser and restauranteur Joseph Baum, the renewal of the popular 1930s ambience has put the lie to the opinion that American Modernism was harsh and cool. In this fresh interpretation – cast glass balusters lining the room's raised terraces, sleek aubergine walls, and a new cast glass wall of figures in orbit by Dan Dailey – the band plays on while the cigarette woman circulates in her pink satin pill-box hat, organdy sleeves and slit skirt. All of the staff are appropriately costumed in the Rainbow themes – for, no mistake, this is theatre.

Paula Deitz

Michael Coveney in Glasgow looks at the preparations for Peter Brook's 'Mahabharata'

WORK IS now well under way in Glasgow's old Museum of Transport in preparation for the opening there on April 13 of *The Mahabharata*, Peter Brook's three-play epic based on the Sanskrit text.

The museum, in Pollokshields on the South side of the city, bounded by two railway lines, was originally built as a tram depot. The last tram ran in Glasgow in 1962, and the museum finally closed last year. It is part of a valuable five-acre factory site owned by Glasgow City Council, and is earmarked by them for much needed industrial premises in the area. It is also the subject of a proposed development by the Greek hotelier Reo Stakis.

A short stay on a demolition order was secured when Brook decided that here was the ideal venue for his production. Strenuous efforts by the Royal Shakespeare Company and the London International Festival of Theatre to present *The Mahabharata* in London's Docklands came to nought last year. Glasgow has now scooped the pool, initiating a three-year festival programme running to 1990, in which year Glasgow is designated the European City of Culture.

A team of brickies, not stage hands, is building a roof-high wall across the width of the great museum, a splendid palace of Victorian industrial architecture with elegant green steel pillars rising to a vaulted roof of cross-beams and girders. There are signs of much sand-blasting and gravel-dumping in order to arrive at Brook's requirements of a timeless neutrality of setting.

First seen in a quarry at Avignon in 1985, *The Mahabharata* has travelled the world in a variety of locations, but always with a limit on seating capacity. The epic unfolds in an expanse of intimacy. Sixteen rows of seats are to be constructed, with room for 700 spectators. The museum has plenty of room around the performance area for some spacious, even luxurious, new dressing rooms, as well as for exhibition and refreshment facilities.

In fact, the place suggests enormous potential for an ideal performance venue on a par with such European spaces as Mnouchkine's Charcuterie in Paris, or Les Halles in Brussels, or some of the great German factory conversions. On the second level, there are stables which you could easily envisage being converted into shops, studios, galleries and offices.

An atmospheric loading area, green with moss and damp and echoing with the muffled sound of vanishing history, awaits an uncertain future, comforted only by the visit of an occasional pigeon. The wall clock stands still and broken at 11.25.

Audiences at The Mahabharata will not see these decrepit splendours. But they will sense they are there. The cost to Glasgow of the project is £350,000, including a first time sponsorship from Renault Trucks to top up substantial investments from the City, the Strathclyde Regional Council and the Arts Council. Box office income should be in excess of £100,000.

All tickets for the six marathons are sold, but five other cycles, played on successive weekday evenings, should be just the job for local residents. Tickets are only sold for the cycle, not for individual plays, and they are priced £12 to £30. The ticket centre is in Candleriggs, Glasgow, tel 041 227 5511. Sales in Edinburgh on 031 228 1155.

Radio

Doubtful cries

THE DATE is AD 313. The second part of John Arden and Margaretta D'Arcy's *Whose is the Kingdom?* (Radio 3, yesterday) leaves the Emperor Constantine offstage and deals with his Co-Emperor Maximin Daza, who, we are told, preferred to enslave Christians than to massacre them. When the news of Constantine's victory over Maxentius leaks out, there is a great cry of "Christ is risen! Constantine!" – what the New Yorker would call one of those cries we doubt ever got cried. The scene shifts to Antioch, where in the House of Women, a sinister priestess called Oenothea preaches the worship of the eastern goddess Anna of Babylon (usually, I regret to say, known as Annarov Babylon).

Oenothea, in a conference in the city sewers, urges Maximin to treat with the Persians in the East. To campaign against Constantine is risky until one knows which side the third Co-Emperor Licinius will be on. But Theotecnis, the priest of Zeus, unleashes a talking idol that calls for war against Licinius. Maximin makes the wrong choice from the various religions available; he is defeated by Licinius and takes poison, and the Christian slaves are released.

There is a sub-plot about Diocletian's widow Prisca and her daughter Valeria, and the evangelist Mary the Companion is still around. We hear little of the Christians in this instalment, though already we can see what troubles Constantine is going to have later on at Nicaea, where he will also have to watch out for contemporary feminism. Anna of Babylon preaches that there is one god, both female and male, with the power of the mother, the spouse and the widow – three in one and one in three. The play, directed by Ronald Mason, gives little scope for acting, but all too much for shouting and for singing what I take to be the deliberately common music of Stephen Boxer, who conducts it himself.

And whose is *this* kingdom? I hoped that the sixth, and last, instalment of Ray Gosling's series (Radio 4, Thursday) would offer some conclusion to his investigations into the ownership of our land. You might say that his final lines were some kind of conclusion – "We've gone some of the way towards finding out. And does it matter? You bet it does." Clearly it matters to Mr Gosling, but then it very likely matters as much to the Duke of Buccleuch, and the six young Bristol unemployed men who borrowed enough money to build themselves a block of flats, and laughing Mrs Brown of Peabody Buildings, and the Merthyr landlord amassing a fortune from his £45.50-a-week bed-and-breakfast tenants living on the DHSS, though in a different way to each of them. I own my little bit, and you bet it matters to me.

Radio 4's new Sunday-evening series, *The Old School Ties* is pure essence of Radio 4. The old school is Haslingden Grammar in Lancashire. Jenni Mills has assembled a bunch of former pupils to talk about old times, when they felt "special" for being there. A nice lot, I thought (one of them was Dr Rhodes Boyson); but I couldn't find any point in listening to their gossip. Tomorrow we shall have a more recent lot.

The Woman-Hater (Radio 3, Tuesday) is a Beaumont and Fletcher comedy unplayed since the 17th century, and rightly. Gondarino (Jack Shepherd) is the misogynist, and Oriana (Rachel Wright), betrothed to the Duke of Milan, shelters from a storm in his house. She rags him about his misogyny, so he tells the Duke he has had her and has now sent her to his own bawdy house. The Duke has sent Gondarino a tasty bit of fish, which Lazarello, a gourmand, (Roy Kinnear) longs for. But Gondarino has sent it to his mercer, who has sent it to the bawdy house. And so it goes on, a kind of 17th-century Ray Cooney. There is a possible reference to *Measure for Measure* and a definite quote from *Hamlet*, but this may have been put in by adapted Philip Ward. The director was Clive Brill. It was neither so funny, nor so touching, as Harry Barton's three-part *Just to be with Dinah Lee*, which concluded sentimentally on board a homeward-bound battleship on Radio 4 on Wednesday afternoon.

B.A. Young

Chess No. 712

1 B-R8. If 1 B-K4; 2 BxB, N any; 3 Q-KN2. If 1 ... B-K8; 2 B-Q4 and 3 R-R7. If 1 ... BxB; 2 Q-QR1 (threat 3 Q-KR1), N-Q8; 3 QxB.

WEEKEND FT

• SPORT •

Karate/Michael Thompson-Noel

Getting ready for the chop

I SHOULDN'T really admit this, but my interviewing technique improves by leaps and bounds whenever I am chatting with a man who could kill me.

Racehorse trainers do not fall into that category; nor do princes, potentates, or the heads of gigantic corporations. But the Louisville Lip once offered to slap a reporter who happened to be sitting next to me (*he* sat up sharply, I can tell you – *and* smartened up his questions) while practitioners of the martial arts have always inspired in me a forgivable compulsion to speak clearly and politely and to ask sensible questions sensibly, without adumbration or the bonus of droll asides.

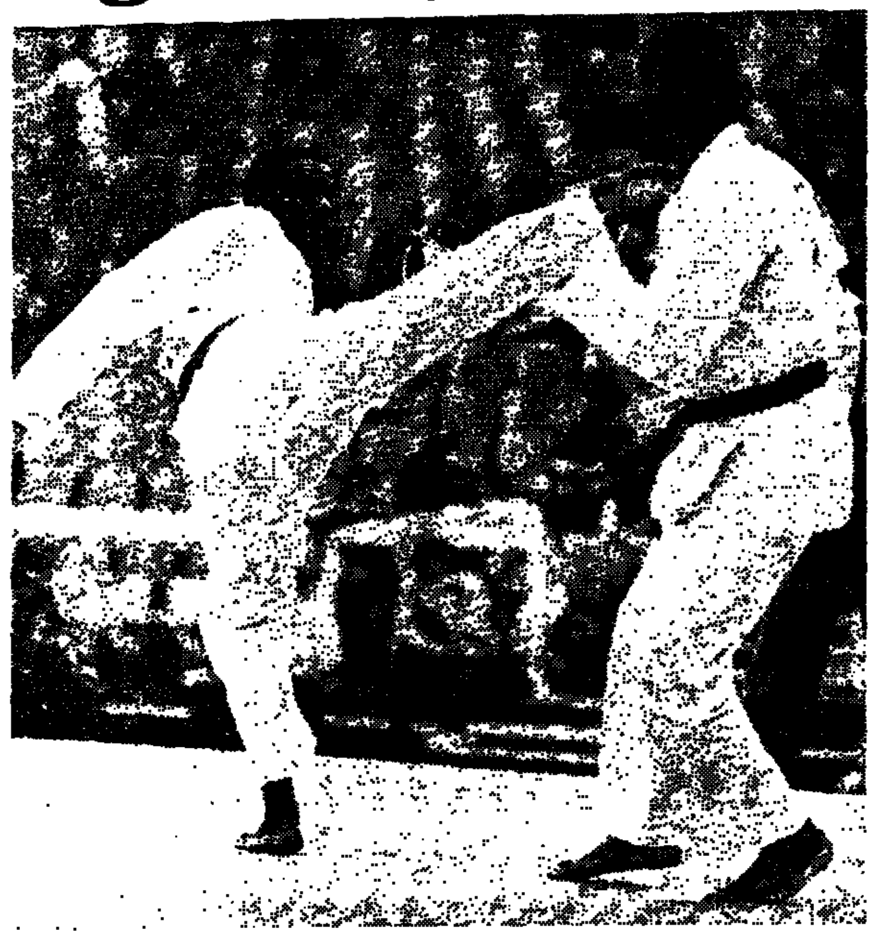
Yet here's a funny thing: the more formidable the athlete – the more frightening his cv – the greater is the chance that he will greet one with modesty and charm. It's confidence, I suppose.

So it was this week when I met world heavyweight karate champion Vic Charles, a 34-year-old Londoner, and asked him what he ate. He looked politely puzzled, as though the question were novel, before modestly replying: "As a heavyweight I can eat anything I like. Well, maybe not *any*thing. I don't eat crap. I guess it's a balanced diet. Carbohydrates, I suppose. Certainly I take vitamins. And I like my beer. But my diet is nothing special."

As for his training schedule, Charles explained that in addition to practising a regular basic syllabus of karate techniques, he is approaching the end of his winter schedule – gym work and running, especially hill work, designed to build strength – on top of which comes special practice, readying him for competitions. "We work in three-minute bursts: two minutes of kick-punch, kick-punch, and then a minute's recovery – adding up to an hour's worth of high-quality work."

He makes it sound easy, completely unspecial – which of course it is not, for this is the regimen of one of England's most remarkable champions, a regimen the effectiveness of which his opponents will discover again tomorrow when Charles struts his stuff in the English Karate Council national black belt tournament at Crystal Palace.

Indeed, Charles is about to launch himself on another momentous season: one that includes the European championships in Genoa in May and the world championships in Cairo in October, with internationals in between, though with his vast experience – he has won a fistful of honours, including eight world titles of one sort or another – Charles is by no means intimidated by the size of his task.



Getting a kick out of life: Vic Charles (left) a world beater

"I've given a lot to karate, and I've taken a lot," he says. "I've enjoyed every minute of it. People ask me how I keep going, and I say: I've never done anything else. I'm in my 16th year overall, and my 11th as an international. Everything now is a bonus. I don't want to be a superstar, but I would like to see a better deal for karate, including more TV coverage."

Charles has a point, for karate is a sport at which Britain excels. You may not know it but Britain has won the world karate team championship on the last three occasions ('82, '84, '86 in Sydney), thanks in great measure to the towering analytical and inspirational skills of England and Great Britain coach Ticky Donovan. Donovan is a black belt of the 7th dan (an extraordinarily prestigious ranking), and is widely regarded as the world's best karate coach.

Donovan smiles ruefully when reflecting on the amount of TV coverage that karate enjoys in some European countries and its almost total absence from British screens. "We get nothing," he says. "The trouble is, people don't take karate seriously as a competitive sport. They think we go round chopping trees down with our bare hands.

"Strong? Yes, you've got to be strong to absorb kicks and punches, but competitive karate is all about control, all about *finish*. (The world's major competition system is based on light contact only, thus sacrificing power and effectiveness in the quest for speed). If you use brute force you can easily get disqualified. It is easy to hit someone. What is difficult is not hitting someone. What I work on are the finer points – angles, positionings, the ins and outs of tactics. It's a lot like fencing. And karate's very good for kids: there's so much they can do in their exercises, without actually fighting. It's got more finesse than judo. In judo there's too much grabbing round the throat."

Not surprisingly, these sentiments are echoed by David Mitchell, chairman of the English Karate Council and former general secretary of the Martial Arts Commission (MAC), an umbrella control body. One of its main functions is to prevent, where possible, the teaching of dangerous and half-baked techniques that can result in death or injury. The MAC is the central regulatory agency for no fewer than 11 martial arts.

"Karate has between 120,000 and 140,000 exponents in Britain," says Mitchell. "It's a large sport but a forgotten one, partly because it's very difficult to understand what's happening in the competition area. We suffer from our rules, which are very complicated. We strike with a fair degree of force, but we're not in the brain damage business. The guy who gets knocked out often wins the bout if adjudged to have fallen to a foul blow."

The complexity of competition karate is well dissected in Mitchell's book, *Official Karate* (Stanley Paul). "For many years," he says, "a debate has been raging in the collective Japanese martial arts (*budo*) over the role of sporting competition in a system whose professed aim is to reach enlightenment by elimination of the ego. It is not primarily a question of the format of competition which causes dissent, but rather whether competition is acceptable at all."

That debate aside, competitors must treat each other and the refereeing panel with respect, for any lack of it attracts an immediate penalty.

"Karate has a great deal to offer," says Vic Charles, "because it is based on discipline, etiquette, respect and strict rules. The object is not to kill. It is not even to succeed, but to achieve something within yourself. We bow to the referee and judges. We wear a clean suit. We have to look respectable. We're not supposed to show emotion, though certain things are creeping in" – such as playing to the gallery.

David Mitchell says that at least one top karate instructor in London is earning £250,000 a year, which ought to mean that Vic Charles is made for life. Whether that is true or not, I still questioned Charles gingerly, displaying dignity and finesse. I did not, in fact, bow. But I did not show emotion. My suit was clean and pressed, though I should have had a hair-cut and my shoes were slightly scuffed. In the reptilian part of my brain I pondered on these defects, glad to be alive.

Rugby League/Nick Garnett

The Saints are a young team marching to glory under the banner of a macho coach

Murphy has his law

WE'VE GOT every type here. The hard cases, the quiet ones, the shy types, the young players with problems at home. We have seven players who are unemployed. This job is about handling men and treating them as men."

On the cruel northern pastures of Rugby League, Alex Murphy is probably the most controversial coach of his generation. After a clutch of successes, and boardroom rows at five clubs – "you either die in this job or get sacked" – Murphy now has a team at St Helens which has the rest of the big-name teams twitching.

So far this season the Saints have swatted high-spending Leeds in the John Player final, dumped out of the Challenge Cup the hard men of Warrington and beaten flashy Wigan at Wigan, winning the last ten games on the trot. Last week, they stuffed a total of 114 points past stumbling Hull and luckless Leigh.

Murphy has a young team, average age 23. On the field some look like monsters but at the club bar after the game with Leigh last Sunday they seemed more like refugees from the playpen, all rosy cheeks and stylised crew cuts. The ripped facial flesh and barn-like shoulders are the only give-away.

Known as The Mouth – it is usually open, dishing out stick to some unfortunate laggard – Murphy has more than his share of detractors in this incestuous, enclosed world. But the 48-year-old former Great Britain scrum half has an enviable record as motivator and manager of men. Among the Saints players, these include a part Maori who looks like a matinee idol but is a natural loner, an Australian policeman schooled in the grid-planning of Aussie Rugby League – a system Murphy describes as "bullshit" – and two players going through the pain barrier of conversion from Union.

Murphy nods towards 22-year-old Paul Forber, one of the team's baby-faced hitmen. "He's really a boy growing up who is just about to lose his babiness," says the Saints coach. "He used to look great in training but when the bullets were flying he was missing. Just a lack of confidence we had to sort out. He once told me to get off his back. I told him the day I get off your back you'll be out of the club."

Like many hard men, emotion bubbles close to the surface and Murphy's willingness to drive a player to the brink is mixed with real affection and concern for the players' welfare. This certainly emerges with Stuart Evans, signed this year on a four-year contract worth £100,000 plus match pay after winning ten caps as a Wales rugby union prop. Despite shedding 32 lbs from a bloated 19 st 4 lbs, the dump truck-sized Evans has been labelled by some of the Press as nothing more than a battering ram, a player without the mobility and ball skills to cope with the speed of top class League.

"That is all rubbish," Murphy says. "He is now learning how to handle the ball and it takes a lot of players to bring Stuart down. He will be a world-class player by next year though we'll have to work on him in the close season."

Motivation is also a product of pay, and the incentive scheme at St Helens would make a Victorian mill owner wince. Around £160 for a home win, £180 for an away win, £615 for the last Challenge Cup victory but a tight-fisted £32 for a losing match. Most players have individual, and in some cases lucrative, contract money separate from this.

The discrepancies in win and lose bonuses ensure that a player would rather have his face shredded than miss a tackle. This kind of formation mugging can generate a lot of pain. "Broken legs, broken arms, dislocated shoulders, bust ankles –you name it, they've got it," Murphy says. Evans, a very personable 24-year-old, says that apart from the pace of his new game, "League players tackle about twice as hard as they do in Union."

As a patriot and lover of Union – and a Union scrum half during National Service – Murphy has been incensed by the performance of England in the home championships. "It's disgusting. I wouldn't give some of those players a job in Mothercare. I've never seen so much hyped-up rubbish in the newspapers about a team and then we have to watch that. It's a disgrace. If the managers can't get a successful England team they have no business trying to."

The St Helens staff are always on the lookout for Union talent. The club was on the point of signing David Bishop, but two independent medical reports said the club would be in trouble with health insurance because of the broken neck the Pontypool scrum half had suffered in his career. "I cried when I heard that, says Murphy."

He has recently tried to sign John Devereux, the Welsh centre, and Alan Tait, the Scottish centre. He has had Chris Oti, the new England winger, watched half-a-dozen times, but does not seem too convinced. He is also an admirer of Gavin Hastings, the Scotland full back.

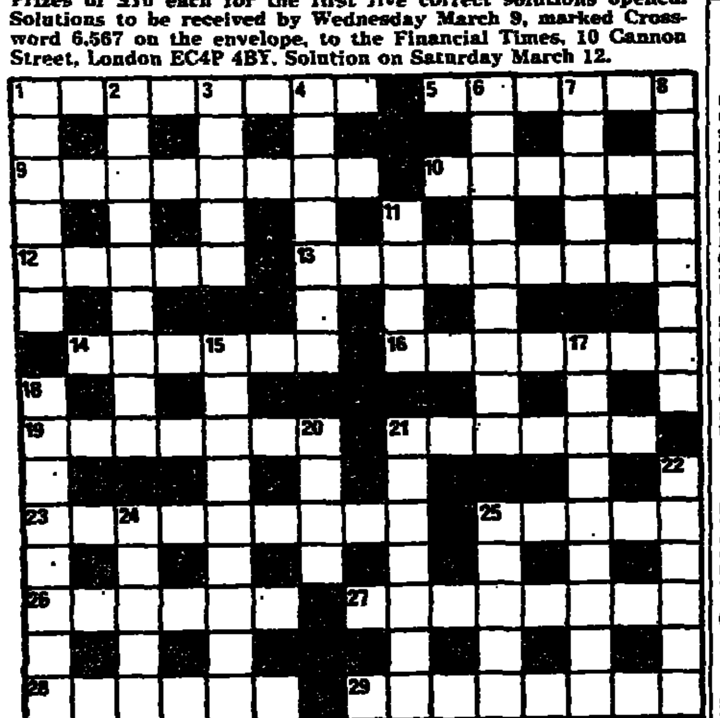
All this Union-watching brings Murphy face to face with the murky but widespread practice of illicit payments in Union. Many young Union players in Britain are earning £60 to £80 a week from the game, some of the bigger names even more. That might not compare very well with the £65,000-a-year contract allegedly held by Ellery Hanley, the versatile Wigan back now up for sale for a whopping £225,000. But Murphy thinks these payments are keeping some Union players away from League. "For God's sake we only pay £30 for an A team game."

Never one to suppress his ego, the Saints coach says he would love to have a shot managing a big soccer team. "You know, Manchester United or a club like that."

FT CROSSWORD No.6,567

SET BY GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 9, marked Crossword 6,567 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday March 12.



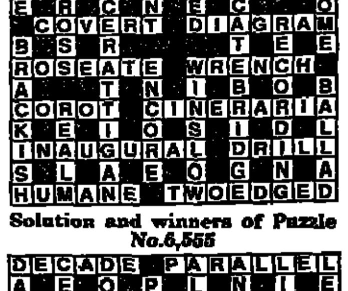
ACROSS

1 Leave a crust and some water (8)
5 Spread out in an empty school, turning corrupt (6)
9 Time, before bad weather, for pointing (8)
10 Help engineers with adjustable file (6)
12 Landowner prepared to embrace redhead (5)
13 Attack son (turned 50) with anything (9)
14 Way to fix model soldiers in (6)
16 Mourn, perhaps, if in special clothing (7)
19 Half open the end hold (7)
21 Bank man often prone to exaggeration? (6)
22 Bottom of a placard about port (9)
25 Field is missing school of art (5)
26 Usual loan arranged to cover retired man (6)
27 Doctor (51) enters group, taking a risk (8)
28 The Spanish still have a team (6)
29 All that is bad can, in a union (8)

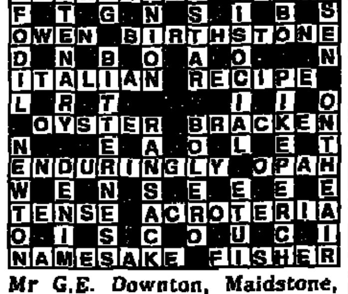
DOWN

1 Feel worried about teetotaller wanting good spirits! (6)
2 So unusually clear it is lifelike (9)
3 Had moved down about a quarter (5)
4 Bun cooked in butter vessel (7)
6 Getting ready to remove paper band (9)
7 Copying a guide leader, dart back inside (5)
8 Making it feel I'm about 70 years? (8)
11 Having a use, maybe, for Jacob's brother (4)
15 After quarter to ten one class is exempt (9)
17 Frank takes proportion of the action (9)
18 Person's rude note in reply (8)
20 Times round which Bond returns from leave (4)
21 Sort of letter you get if Irma's in trouble (7)
22 For political reasons he left new regime (6)
24 Lacking a spare key after drinking bout (5)
25 Jewish doctor gives artist new bib (5)

Solution to Puzzle No.6,566



Solution and winners of Puzzle No.6,555



Mr G.E. Downton, Maidstone, Kent; Mr David Norwood, Dilwyn, Hereford; Mrs L.H. Pearce, Ilford, Essex; Mr J.V. Tiller, Epsom, Surrey; Mr G.R. Woodward, Hants.

Pressure on space in this week's *Weekend FT* – and a late flood of entries for the Centenary Crossword – mean that the report on the clue competition and names of winners have unavoidably been held over until next week. *Winners of the puzzle are listed here.*

TELEVISION AND RADIO

SATURDAY

† Programme in black and white

BBC1

8:35am Saturday Starts Here. 8:40 Roland's Rat Race. 9:00 Kissyfur. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Winter Olympics (Highlights of the Week) [illegible]

BBC2

[illegible]

LONDON

[illegible] edy Classic: Please Sir. 2:45 Snooker: MIM Britannia British Open. 4:45 Results Service. 5:00 News from ITN. 5:05 LWT News followed by ALF.

5:35 Connections. 6:05 Catchphrase. 6:35 Bobby Davro's TV Weekly. 7:05 You Bet! 8:05 Murder She Wrote. 9:00 News from ITN and Sport. 9:15 LWT Weather. 9:20 London's Burning. [illegible]

CHANNEL 4

[illegible]

S4C WALES

[illegible]

IBA Regions as London except at the following times:

ANGLIA

12:00 America's Top Ten. 12:30 pm Easy Street. 1:05 Anglia News. 5:05 Anglia News. Sport. 5:15 Walt Disney Presents. 5:35 Blockbusters.

BORDER

[illegible]

SCOTTISH

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

12:00 Small Wonder. 12:30 pm America's Top Ten. 12:30 am Fleetwood Mac. 2:00 Sledge.

HTV WALES

As HTV West except:
11:05 pm Cup Rugby: Bridgend v Neath. [illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

11:00 am Roxy – The Network Chart Show. 11:30 Cartoon. 11:48 A Tale of Two Cities. 1:03 pm Ulster Newsline. 4:55 Sports Results. 5:03 Ulster Newsline. 8:17 Ulster Newsline. 12:25 am Ulster Newsline.

YORKSHIRE

[illegible]

BBC RADIO 2

[illegible]

BBC RADIO 3

[illegible] phony No 1). 4:30 Debut: Richard Ingham (saxophone) and Alan Cuckston (piano): Paul Creston (Sonata Op 19), Dressel (Konzertstück), Denisov (2 pieces). 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Philip Martin (piano): Chabrier, Faure, Debussy, Poulenc. 7:30 "Moses und Aron" (Schoenberg's opera with Theo Adam and Philip Langridge in the title roles; in German) [illegible]

BBC RADIO 4

[illegible]

SUNDAY

† Programme in black and white

BBC1

[illegible]

BBC2

[illegible]

LONDON

[illegible]

CHANNEL 4

[illegible]

S4C WALES

[illegible]

ANGLIA

[illegible]

BORDER

[illegible]

CENTRAL

[illegible]

CHANNEL

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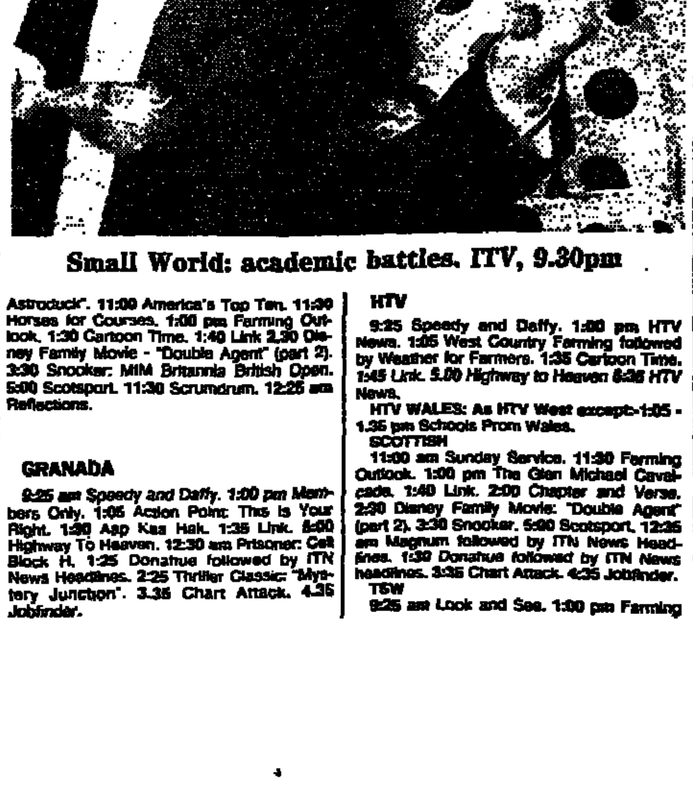
GRAMPIAN

[illegible]



Small World: academic battles, ITV, 9.30pm

GRANADA

[illegible]

HTV

[illegible]

HTV WALES

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

[illegible]

BBC RADIO 2

[illegible]

BBC RADIO 3

[illegible]

BBC RADIO 4

[illegible]